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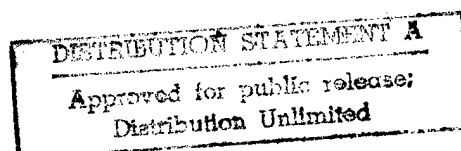
JPRS 83797

30 June 1983

# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 70



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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### PROGRESS, PROSPECTS FOR LEATHER GOODS INDUSTRY REVIEWED

Moscow KOZHEVENNO-OBUVNAYA PROMYSHLENNOST' in Russian No 2, Feb 83 pp 1-4

[Article by USSR Deputy Minister of Light Industry A. A. Biryukov: "Quality Is a Common Concern!"]

[Text] In the plans of the economic and social development of our society a most important place is assigned to the further increase of the well-being of the Soviet people. At the 26th CPSU Congress it was especially emphasized: "Specific concern about a specific person, his needs and demands is the alpha and omega of the economic policy of the party."

In his speech at the CPSU Central Committee Plenum on 22 November 1982 General Secretary of the CPSU Central Committee Comrade Yu. V. Andropov confirmed with new force that the concern about the Soviet individual, about the conditions of his labor and daily life and about his spiritual development remains the most important program aim of the party.

The plan of the economic and social development of the country in 1983, which was approved by the USSR Supreme Soviet, envisages the further increase of the material and cultural standard of living of the people. Much attention in the plan is devoted to the increase of the production and the improvement of the quality of consumer goods. "The task is not only to increase the production, but also to considerably increase the quality of consumer goods," Comrade Yu. V. Andropov noted at the November (1982) CPSU Central Committee Plenum.

During the years of the 10th Five-Year Plan the footwear sector of light industry performed definite work on the retooling of enterprises, the introduction of highly productive equipment, the use of chemicals in production, the assimilation of advanced technology, the introduction of new materials and the further improvement of the organization of labor, production and management.

During the years of the 10th Five-Year Plan 181,200 units of equipment, including 54 integrated flow lines and 37 molding units, were installed at the enterprises of the footwear sector. Two new footwear factories with a capacity of 7.2 million pair of footwear a year were built and put into operation. In all 19 operating enterprises were renovated.

Considerable work on the boosting of capacities and the increase of the output of leather goods was performed for the purpose of creating the necessary raw material base for the development of the footwear industry.

During 1976-1980 leather enterprises were put into operation in Bogorodsk, Kursk, Voznesensk, Sterlitamak and Smilovichi (Minsk Oblast).

The total increase of the capacities owing to the renovation and placement into operation of the indicated enterprises during the five-year plan came to 1,546,200,000 dm<sup>2</sup> of leathers for the uppers of footwear a year.

In connection with a slight shortage of hides the need for materials of the uppers of footwear was met by means of the increase of the use of fabrics, nonwoven materials, as well as artificial and synthetic leathers.

The All-Union Scientific Research Institute of Film Materials and Artificial Leather and the Central Scientific Research Institute of the Leather Footwear Industry developed, while the enterprises of the All-Union Artificial Hides and Film Materials Industrial Association assimilated new materials which improve the service and esthetic properties of footwear.

During the 10th Five-Year Plan some work was done on the improvement of the management of the leather footwear industry in the direction of the further concentration, specialization and centralization of production. The proportion of production associations increased from 42 to 45 percent, while the share of products, which is produced by production associations, increased from 58 percent in 1975 to 68 percent in 1981.

Work was performed on the improvement of industrial modeling and the organization of the network of firm stores.

Thus, the necessary material and production base was created for the increase of the volumes of production of footwear, the enlargement of the assortment and the improvement of its quality.

During the years of the 10th Five-Year Plan the output of footwear in physical terms increased by 5.5 percent. In 1980 694.2 million pair of footwear were produced as against 657.9 million in 1975.

The production of new types of footwear, which are in greater demand by the population, increased, including: footwear for elderly people by 7.8-fold, dress shoes for children by 6.1-fold, small boots and half boots by 40.8 percent, insulated footwear by 20 percent, fashionable footwear by 33.7 percent and especially fashionable and especially elegant footwear by 3.9-fold.

The orders of trade organizations for children's footwear in accordance with the production volumes in practice were satisfied. The quality of footwear improved somewhat. The output of top-grade products increased by 2.7 percent. As compared with 1975 the output of footwear with the State Seal of Quality in 1980 had increased by 10.8-fold, while the output of footwear with the index N had increased by 4.7-fold.

The overall structure of the assortment during the 10th Five-Year Plan and the direction of its change according to the materials being used for the uppers and the bottom part of footwear in the industry for the more part correspond to the trends of world development and are characterized by an increase of the proportion of

footwear with an upper made of artificial and synthetic materials and by a decrease of the footwear with an upper made of natural leather, as well as by an increase of the output of footwear with soles made of rubber and polymeric materials with a decrease of the use of natural leathers for this purpose.

However, in spite of the taken steps and some positive results, the work of the leather footwear industry still does not meet the requirements of today.

At present the improvement of the quality and the improvement of the assortment of the products being produced remain the most topical problems.

To date trade organizations have lodged a large number of complaints against the footwear enterprises of the system of the USSR Ministry of Light Industry.

The amount of footwear complained about in 1981 came to 2.85 percent of the total output. The level of complaints is also high in 1982. For example, in the Turkmen SSR Ministry of Light Industry it comes to 10.1 percent, the Latvian SSR Ministry of Light Industry--5.7 percent, the Azerbaijan SSR Ministry of Light Industry--4.73 percent.

The amount of returned footwear for repair and its transfer to lower grades continues to remain high. In 9 months of 1982 it came to 9.0 percent of the checked amount as against 9.1 percent during the same period of 1981.

The percentage of products, which have been returned for repair and have been transferred to lower grades, is the highest in the Georgian SSR Ministry of Light Industry (22.5 percent) and the Azerbaijan SSR Ministry of Light Industry (20.2 percent). At the Baku Factory of Fashionable Footwear the amount of such footwear came to 49.2 percent and at the Tbilisi Isani Footwear Factory--40.9 percent. Trade organizations are lodging many complaints about the quality of the footwear which is being produced by the Kiselevsk Kuzbassobuv', the Odessa and Shakhtinsk Footwear Production Associations, the Rostov Factory of Fashionable Footwear, the Birobidzhan, Kherson, Tbilisi Narikala, Karaganda, Samarkand and Andizhan Footwear Factories.

The fact that in the past 2 years the rejection and transfer to lower grades of footwear with the State Seal of Quality have increased sharply, should arouse the particular anxiety and alarm of the Administration of the Development of the Footwear, Leather and Leather Goods Industry, the ministries of light industry of the union republics and enterprises. In 9 months of 1982 248,000 pair of such footwear, or 6.3 percent of the amount of checked footwear, were rejected.

The lack of conformity of the products being produced on flows to the approved models (standards) and the existence of a large number of production defects, which are due to violations of technological discipline during the production of footwear, are the basic causes of the rejections, the return of footwear for repair and the transfer to lower grades.

The analysis of the work of the industry showed that, in spite of the considerable annual updating of the assortment of footwear according to models (in 1981 71.4 percent), the mass production of new types of footwear with respect to some republics is extremely inadequate. This is due to the fact that technical art councils,

when examining and approving new models, on the one hand, do not approach in a principled manner the evaluation of the true novelty and, on the other, inadequately coordinate the possibilities of the reproduction of individual models under the real conditions of industry (enterprises).

This applies first of all to the Tajik SSR, Kirghiz SSR, Azerbaijan SSR and Georgian SSR Ministries of Light Industry, in which the output of footwear of new models ranges from 20 to 53 percent with the annual updating of the assortment according to models on the average by 65 percent.

And still poor executive and technological discipline, the inadequate engineering support of production and the substantial shortcomings in the development and introduction of the comprehensive system of product quality control and in the improvement of the entire economic mechanism of the management of the footwear sector are the main cause of the unsatisfactory situation with the quality of footwear. These questions so far have not become priority and permanent questions in the work of individual executives of enterprises, all-union and republic industrial associations, design and scientific research institutes and the Administration of the Development of the Footwear, Leather and Leather Goods Industry of the USSR Ministry of Light Industry.

The work experience of the leading enterprises of the sector shows that the cardinal solution of these problems creates a real basis for the radical improvement of the quality of the products being produced.

The Yerevan Masis, the Moscow Zarya, the Chelyabinsk and the Lvov Progress Footwear Production Associations, the Kiev Base Experimental Footwear Factory imeni 50-letiya Sovetskoy Ukrainy, the Lida, Mogilev, Raudonasis Spalis (Kaunas) and other footwear factories are among the enterprises which can serve as an example of serious creative work on the assortment and the improvement of the quality of footwear.

The sets of footwear, which are being developed by these enterprises, are distinguished not only by a high esthetic level, but also by adaptability to production. The models of the new assortment before being put into production are worked up in the small-series shops with allowance made for the real possibilities of production. The necessary engineering support, which does not permit deviations during the mass production of footwear from the prototype standards, is being developed. Work on the formation and study of consumer demand, the determination of the efficient run in the case of their mass production for the purpose of the guaranteed sale of all the products being produced is being performed through the network of firm stores.

The work on the development of new types of footwear by the ministries of light industry of the union republics and modeling organizations should be organized on the basis of the comprehensive approach and the development of creative ties with related sectors of industry and scientific research organizations both within the republic and outside it, which will contribute to the quickest possible appearance of goods which are in greater demand by customers.

The Administration of the Development of the Footwear, Leather and Leather Goods Industry, the republic ministries and production enterprises should manage this



process on an item-by-item basis, directing particular attention to the efficient use of new advanced equipment and technology and the proper use of new materials.

For the obtaining of the required impact it is necessary to concentrate efforts at the enterprises, which have a high level of the organization of production and experience in working on the use of new equipment for the production of products which are in demand and of fundamentally new types of firm footwear.

At present services for the coordination of matters which ensure the output of especially fashionable items have already been created in a number of republics. The Ukrobu'prom [not further identified], which manages the assortment of practically every flow, is correctly organizing this work.

The Kiev Sport Footwear Production Association, which in a short time assimilated imported equipment and organized the mass production of extremely scarce types of footwear like running shoes, is an example of the efficient use of new equipment and technology (molding units). This footwear has an unlimited demand, since its appearance meets the technical and esthetic requirements of today.

And, on the contrary, the Kalinin Footwear Production Association, at which imported molding units have also been installed, but the appearance of the footwear being produced does not meet present requirements both with respect to the design of the upper and with respect to the color combination of the materials used for the upper and the bottom part of the footwear, is an example of an irresponsible approach to the organization of the production of new types of products.

At present it is necessary to solve the problems of meeting the increasing need of the Soviet people for footwear of a high quality and diverse assortment on the basis of the increase of production efficiency, the economical and efficient use of raw materials and materials, the acceleration of scientific and technical progress, the increase of labor productivity and the utmost improvement of work quality.

The November (1982) CPSU Central Committee Plenum noted the especially great importance of the successful fulfillment of the plan of the economic and social development of the USSR for 1983 for the five-year plan as a whole. In the decree of the plenum the attention of party, soviet, economic and other organizations and labor collectives is directed to the need to direct all efforts at the accomplishment of the most important task which was posed by the 26th party congress--the increase of the intensification of social production and the increase of the efficiency of the national economy.

The further development of the leather footwear industry in 1983-1985 will take place due to the maximum increase of the volumes of the production of output on the basis of the renovation and retooling of operating enterprises, the placement of new enterprises into operation and the shortening of the time of the assimilation of the rated capacities, the increase of the effectiveness of capital investments, the speeding up of the construction period and the decrease of the amounts of unfinished construction.

It is necessary to devote particular attention to the expansion of the production and the radical improvement of the quality of footwear and to the introduction of highly productive equipment, advanced technology and new, modern footwear materials.

The gap between the level of development of footwear production and the level of planning and design developments of footwear for the present is very significant. While the most complicated technological complexes, automatic and semi-automatic lines for the production of footwear are operating in industry, during the development of the latter so far the duplicating system of modeling, which arose back at the end of the last century, is mainly being used. The system of modeling in accordance with a rigid casing, which was developed in the past decade, in essence is a modernization of the duplicating system.

The structure of the problems of technical designing, the sequence and methods of their solution have still been inadequately determined and standardized so that it would be possible to use computer equipment. The existing methods do not yet make it possible to develop the necessary planning and design documents in a short time and with sufficient precision and reliability with the minimum expenditures of engineering labor.

In their work the planning and design organizations are inadequately taking into account the qualitative changes which have occurred in recent years in the technology, equipment and organization of footwear production and so far are not incorporating in the new design decisions the best domestic and foreign know-how and the achievements of the leading enterprises of the sector.

The development of scientific research still does not completely meet the increased requirements of the increase of production efficient and work quality in the footwear industry.

Inadequate attention is being devoted to the creation of a scientific reserve for the determination of the prospects of the development of the subsector. The amounts of the introduction of completed scientific research are inadequate and do not have a substantial influence on the improvement of the indicators of the work of the leather footwear industry.

As a result the expenditures on production are increasing, its efficient is decreasing, errors and miscalculations are occurring, the quality of the final product is worsening. The sectorial scientific centers--the Central Scientific Research Institute of the Leather Footwear Industry, the Ukrainian SSR Scientific Research Institute of the Leather Footwear Industry and the All-Union Scientific Research Institute of Film Materials and Artificial Leather--need to ensure the concentration of scientific forces on the solution of the key questions of the subsectors, bearing in mind the comprehensive and economical use of raw materials, the development of low-waste and waste-free technologies, the intensification of technological processes, the maximum reduction of manual labor, especially difficult labor-consuming operations, the automation and mechanization of processes, the further development of the assortment and the increase of the quality of footwear.

The 26th CPSU Congress emphasized that the close integration of science with production is a urgent requirement of the present era. On the basis of this conclusion, it is necessary to unite all the scientific and technical forces and to aim them at the accomplishment of the primary task of the leather footwear industry--the radical improvement of the quality of the products being produced. The scientific potential gained by the higher educational institutions of light industry should also be used more extensively and actively. Here the institutes should solve in combination the problems connected with the improvement of product quality.

Taking into account that footwear is a complicate (from the standpoint of the making of a complete item) item, in which about 30 sectors and departments have been equipped, when increasing the assortment and quality of footwear the questions of the cooperation of the related industries involved in its production should be settled in a new way. Under the conditions of an acute shortage of raw material, manpower and material resources the scientific research institutes and, first of all, the Administration of the Development of the Footwear, Leather and Leather Goods Industry jointly with the ministries of light industry of the union republics need to elaborate versions of the efficient making up of all types of footwear, starting with fashionable and especially elegant footwear and ending with Russian leather work shoes.

It is necessary to compile a material, technical and production passport for each type of footwear, which will make it possible to use with the greatest sensibility the available resources and to decrease the unjustified fluctuations in the material, production and labor expenditures on the production of similar types of footwear at different enterprises.

For the purposes of the more complete meeting of the demand of the population for modern fashionable and scarce types of footwear it is necessary to constantly improve the work on the development of a new assortment and to control this important process.

Experience in the organization of the combined work of scientific research and modeling organizations when developing fundamentally new types of footwear with set technical and consumer properties on the basis of new materials for the upper and bottom part already exists in the USSR Ministry of Light Industry.

Thus, during the 10th Five-Year Plan in accordance with the instructions of the USSR Ministry of Light Industry combined work on the development of new materials for footwear was performed by the All-Union House of Models of Footwear, the Central Scientific Research Institute of the Leather Footwear Industry, the All-Union Scientific Research Institute of Film Materials and Artificial Leather and the institutes of the textile sectors of industry.

A definite impact was achieved as a result of the performance of this work.

New types of fabrics, accessories and rubber for the bottom part of footwear and various piping materials have been developed for the footwear industry.

For the purposes of further improving the work on the development of a new assortments of items of light industry during the 11th Five-Year Plan the USSR Ministry of Light Industry in March 1981 approved a comprehensive plan of the development of a new assortment of finished items and components for their production.

The assimilation of four fundamentally new types of footwear: "after skiing," men's half boots in the design of moccasins, women's boots made of a combination of natural and synthetic leather, women's shoes of thong designs on soles made of rigid polyurethane and with heel-instep blocks made of ABS plastic, were outlined by the plan. In the time that has passed more than 7 million pair of women's footwear of thong designs with the use of rigid polyurethane, which was purchased through imports, and about 150,000 pair of women's summer footwear with a

heel-instep block made of ABS plastic have been produced. The output of men's footwear, including with the use of elastic leathers of increased thicknesses, has been organized.

However, the work on the development of "after ski " footwear and women's boots made of synthetic leathers is being performed extremely slowly. The All-Union Artificial Hides and Film Materials Industrial Association should have organized back in early 1982 the production of molded soles made of thermoelastic plastic with a high rippled side. So far the production of the soles has not been organized, the situation with the production of elastic synthetic materials for the upper of "after skiing" footwear is the same.

A large number of other measures outlined by the comprehensive plan are also not being fulfilled, including: the production of the plates of foam rubber with rippling in the toe area has not been organized, high heels made of synthetic materials with a decorated lateral face are not being produced.

The All-Union Artificial Hides and Film Materials Industrial Association and the All-Union Scientific Research Institute of Film Materials and Artificial Leather need to reorganize radically the work on the development and the organization of the production of materials and parts for footwear so that the supplies would lead the demand for them.

The work on the enlargement of the assortment of heels has not been organized at the enterprises of the All-Union Light Industry Technical Fittings Industrial Association. The association is not working on the question of the selection of new plastic materials which ensure the improvement of the designs and appearance of heels.

The production of new textile materials, which were recommended by the Esthetic Commission on Questions of Fashion and the Standards of Clothing of the Scientific and Technical Council of the USSR Ministry of Light Industry, is being assimilated extremely slowly by the related sectors of industry.

The lack of the mass production of individual materials for the upper and bottom part of footwear, molded counters for high heel footwear made of pasteboard of improved quality, synthetic fibers, soles made of polyurethane and thermoelastic plastics, the necessary amount of lasts, heels and accessories is checking the development of the footwear industry, including the changeover to the assembly of footwear from molded parts and units, and is limiting the possibility of producing in adequate quantities the types of footwear which are in demand.

It is envisaged by the plan of the social and economic development of the USSR national economy to increase the volume of production of footwear at the enterprises of the USSR Ministry of Light Industry by 11.8 percent and to raise it to 776 million pair.

For this capital investments have been allocated for the construction of new enterprises and the expansion and renovation of operating enterprises. An increase of production capacities in the amount of about 50 million pair is envisaged due to the carrying out of retooling and other organizational and technical measures.

The structure of the assortment of the footwear being produced is improving. The production of especially fashionable machine-made footwear, children's dress shoes, footwear of improved quality and the assortment with the index N and others will increase at a leading rate.

But it is impossible to solve these problems successfully without the active participation of related sectors: the leather sector, the artificial hides and film materials industry, the industry for the production of accessories, the textile industry, the nonwoven materials industry, the enterprises of the All-Union Light Industry Technical Fittings Industrial Association, that is, the sectors which are the main suppliers of materials and components for footwear.

The 26th CPSU Congress aimed the workers, specialists and scientists of all sectors of industry at the increase of the demands being made on the quality of finished items: "Conformity to the best world and domestic examples--we cannot and should not agree to anything less. We must accustom ourselves to this, we must achieve this, by resolutely rejecting everything that has become obsolete and backward and has been marked down by life itself."

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# CONSUMER GOODS PRODUCTION AND DISTRIBUTION

## LATVIAN MILK PRODUCTION FIGURES REPORTED

Riga SOVETSKAYA LATVIYA in Russian 23 Mar 83 p 1

[Article based on summary prepared by the LaSSR Ministry of Agriculture on Milk Production in the second 10-day period in March]

[Text]

<u>Rayons</u>	<u>Total Production in 1983 Relative to 1982 (%)</u>	<u>Average Daily Milk Production Per Cow (kg)</u>	<u>+ or - Relative to Previous Year (kg)</u>
Kuldigskiy	138	6.1	+1.6
Rezeknenskiy	136	6.1	+1.7
Madonskiy	134	7.0	+1.6
Limbazhskiy	133	6.2	+1.6
Ventspilsskiy	132	6.5	+1.4
Dobelskiy	131	9.3	+2.2
Ogrskiy	129	6.3	+1.4
Stuchkinskiy	125	6.7	+1.3
Balvskiy	125	5.1	+1.0
Valmiyerskiy	124	8.0	+1.6
Liyepayskiy	124	6.4	+1.6
Kraslavskiy	124	6.2	+1.2
Talsinskiy	123	7.7	+1.4
Yelgavskiy	121	8.5	+1.5
Tukumskiy	120	6.8	+1.2
Salduskiy	120	5.4	+0.9
Rizhskiy	119	10.1	+1.4
Preylskiy	119	7.2	+1.2
Bauskiy	118	8.0	+1.4
Valkskiy	118	6.7	+1.0
Gulbenskiy	118	6.0	+1.0
Tsesisskiy	117	5.7	+0.8
Ludzenskiy	116	4.3	+0.8
Yekabpilsskiy	110	6.2	+0.6
Daugavpilsskiy	109	6.1	+0.5
Aluksnenskiy	<u>103</u>	<u>5.2</u>	<u>+0.2</u>
Average for Republic	122	6.7	+1.2

New production in the republic as a whole exceeded last year's level by 22 percent. The largest growth in gross production was achieved in Kuldigskiy Rayon--38 percent. The productivity of the milking herd increased considerably in Dobelskiy Rayon--the daily production per cow was 2.2 kg higher than a year ago.

In the first 10-day period in March the daily milk production per cow exceeded that of the previous 10-day period in the republic by 0.4 kg. The largest growth was achieved in Daugavpilsskiy Rayon--0.7 kg, then Ventspilsskiy, Kraslavskiy, Rezeknenskiy and Balvskiy Rayons--0.6 kg of milk.

Competition for successful management of wintering livestock was headed by the animal husbandrymen of Rizhskiy Rayon--daily production per cow exceeded 10 kg of milk. Among the republic's farms the best results for the 10-day period were achieved on the Kolkhoz "Tervete" in Dobelskiy Rayon--15.2 kg of milk per cow per day, the Kolkhoz "Druva" in Salduskiy Rayon--13.9 kg, and at the Liyelplatonskiy Experimental Animal Husbandry Station--13.7 kg.

First place for the 10-day period was taken by Lidiya Fedorova, milkmaid on the "Krasnyy Oktyabr'" Kolkhoz in Preylskiy Rayon. On the average her daily milk production per cow was 23.7 kg. Second place was taken by Gayda Kasparovich (20.5 kg of milk per cow), milkmaid at the Liyelplatonskiy Experimental Animal Husbandry Station, and third by Inta Veynberga of the Kolkhoz "Tervete" in Dobelskiy Rayon (19.9 kg).

Milk production was low on the kolkhozes "Zanya" in Salduskiy Rayon, "Krish'-yani" in Balvskiy Rayon, the sovkhoses "Istra" in Ludzenskiy Rayon and "Markalne" in Aluksnenskiy Rayon--less than 3 kg of milk per cow per day. Less than 4 kg of milk were obtained per cow on the kolkhozes "Draudziba" in Tsesisskiy Rayon, "Darba spars" in Tukumskiy Rayon, and the sovkhoses "Suseya" in Yekabpilsskiy Rayon, "Nereta" in Stuchkinskiy Rayon, and a number of other farms.

Matters have improved on farms which previously lagged considerably behind: the "Tsentiba" Kolkhoz in Liyepayskiy and "Liyekne" Kolkhoz in Ventspilsskiy Rayon, the "Ukri" Sovkhoz in Dobelskiy Rayon. Here the average milk production per cow increased 0.7-0.8 kg in the 10-day period.

7045

CSO: 1827/205

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### DIFFICULTIES WITH EQUIPMENT PRODUCTION PERSIST

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 26 Feb 83 p 2

[Article by B. Kudrin, doctor of engineering sciences, Moscow: "Obstacles Which the Official Standard Cannot Overcome"]

[Text] The practice of our economic activity and the faster pace of scientific-technical progress are constantly putting new problems on the agenda which as a rule require a fresh view and bold solutions. These solutions are not found all at once, and a real need has arisen to discuss what has been proposed and to forge the truth through debate. A new feature of SOTSIALISTICHESKAYA INDUSTRIYA entitled "Opinion of the Specialist," which we are beginning today, will serve that purpose.

An electric iron which I bought in 1956 served me for more than 10 years. Finally, its handle burned up. The new one failed quickly, but I was not successful in transferring its handle to the old one: the fastening was not the same. The drive belt on one make of fan does not fit another one, the sink in the bathroom does not fit on the brackets left from the previous one.... It has become the general thing to create products that differ. This has an essential impact not only on the efficiency of the economy, but also on the way of life and people's psychology.

One can judge the scale of it by taking into account that every year 15-20 percent of all the products manufactured in the country are updated.

Is that good or bad? On the one hand you feel a satisfaction with what has been achieved when you learn that the trade sector has received 54 refrigerator models, 24 different vacuum cleaners, 45 washing machines, 89 bicycles, and 36 models of color television sets. We should note that USSR Gosplan sets the targets for ministries and department in terms of a specific product list running to only 380 different durable consumer goods and housewares, but about 40,000 items are manufactured.

So what? some reader might say. Doesn't all this equipment serve man, doesn't it improve his everyday life? Doesn't it conform to the rule "More commodities which are good and different"? Unfortunately, that often is not the case.



The "LGN-2" inflatable boat, which went into production in 1981, is not as good as its predecessor. The "Agidel" razor, purchased in 1980, is not as good as the "Kharkov" from the sixties.

Of course, scientific-technical advances and materials not used previously are used in the new commodities, but as a consequence the products become more complicated in their design, which does not at all mean that they become more reliable. The manufacturer's opportunity to renew the product by replacing it with a better one has the result that of the 308 "Riga-22" mopeds sold in Tomsk, 170 had to be repaired within the first 100 km.

A fourth of the products of the Uglich Timepiece Plant are updated every year. Approval has been given to 48 new timepiece models, including quartz models, which do not err even by a second. Is that good?

Yes, if we forget that every new model timepiece means additional costs. New documentation has to be worked up, and specific complicated equipment has to be manufactured. Then again there is the organization of the system for servicing and replacing batteries.

Rapid replacement of all manner of things, difficulties in adapting to the continuously changing world of things, of becoming accustomed to the insubstantiality of relations have resulted in the "retro" style--indubitable evidence of weariness related to the persistence of things and the way of life.

Creation of a kind of material-and-technical environment around us is closely bound up with the moral shaping of the generation which will be living in the next century. Is it a condition for shaping the personality of communist society, for achieving a higher level of spiritual beauty and physical perfection that it be necessary and possible every day to acquire new dishware, footwear, furniture and a car? Think about the result of the desire to buy a child an excessive number of toys. He forms the habit from childhood: he plays a little with one and throws it down, he takes another and breaks it. The child grows up. And instead of being liberated from the enslavement to things, he falls into a new slavery of new things, fashion, prestige, the desire to have absolutely everything which others do not.

Isn't that why it has become commonplace in everyday life to throw out something which is suitable in order to replace it with a new one? And collecting all the secondary raw materials is at present a utopia. We have quickly learned to expend natural resources and we are learning slowly to conserve, we are slowly becoming accustomed to the idea of our objectively limited possibilities.

All of this is so to speak from the standpoint of the consumer. But how do matters stand in the production sphere? We will refer to some examples.

In the seventies mining excavators with a bucket capacity of 4.6 cubic meters were replaced by those with an 8-meter bucket. The specific capital investments for them turned out to be 2.5-fold greater, the operating expenses considerably higher, yet the output increased negligibly. Introduction of the

new "MT-5000" electric magnet did not yield the anticipated benefit of 182,000 rubles a year, but a loss of 808,000 rubles. Nor by increasing capacity by switching from the "K-700" tractor to the "K-701" did we obtain an equivalent increase in efficiency.

By creating huge assemblages of machines and machinery, we are having ever greater trouble controlling this process. The adoption of standards and the use of standard components and assemblies in product design, whose power and whose necessity, it would seem, no one has to be convinced of, have proven to be actually helpless in the face of the spreading variegation. There are 22,000 GOST [state standards], 32,000 sectorwide standards, and more than 140,000 technical specifications which, it seems, have themselves become victors of the phenomenon being described. For example, the multitude of designs of materials-handling equipment, the fact that its manufacture is scattered among 400 plants under 40 ministries and departments represent obstacles to organization of production in large production runs.

A survey of 1,702 steel-smelting furnaces showed that there were 272 models; among 1,828 turbines in power plants there were 292 models; among 131 blast furnaces there were 49 different types.

Is this kind of diversity actually a transition from large-scale production to custom manufacture? This accounts for the inevitable rise of operating costs and repairs.

The diversification can be limited only if the orientation is adopted toward creating machines which be manufactured over a lengthy period without changes by many plants. We have examples of successful designs in any sector. And if a machine has been manufactured for 10 or 20 years, staying at the level of current requirements, then this means a very large gain for society.

No, this is not an appeal for stagnation. Technology needs to be updated, no one disputes that, but it needs to be done sensibly, with a strict economic accounting. It is hardly possible to see the economic and technical gain from producing more than 400 different types of agricultural machines and from setting the goal of putting 250 new items into production during the 5-year period, while the program drafted for retooling agriculture up to the year 1990 envisages putting more than 1,500 new machines into production over the 10-year period, which is twice as many as in the previous 10-year period. And this when even today the average farm has 18 different models of tractors, though between 3 and 5 would be sufficient.

... I cannot read without a shudder about how more than 1,000 manufacturing processes were developed and about 150 new models and parts were put into production for the modernized version of the "Niva." Hardly a single assembly was left without change, a large amount of work was done by plants for specialized tools and technical jigs and fixtures and nonstandard equipment. But there is only one thing that can be said in answer to all the objections to the effect that modernization would have been impossible otherwise: Is the scale of modernization comparable to the real qualitative changes which the combine has undergone as a result?

Aside from the inflationary tendencies and the unwise expenditure of labor and physical resources, the phenomenon described, however strange it might seem, is an obstacle on the road of retooling and of authentic updating, which is entangled in a maze of interdepartmental clearances, requirements and conditions.

We not uncommonly refer to the technical and managerial experience of the United States, when it is relevant and when it isn't, forgetting that there the production of diverse products is a means of survival in the competitive struggle. As a result the connecting cords of, say, tape recorders from two different companies are not interchangeable.

In a planned socialist economy an opportunity exists to combat this phenomenon and to consciously manage the process.

How? That requires a separate discussion.

7045

CS0: 1827/205

## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### VOLGOGRAD LIGHT INDUSTRY 'GLUTTED WITH UNNECESSARY ITEMS'

Moscow IZVESTIYA in Russian 14 May 83 p 2

[Article by L. Tonne, deputy chairman of the ispolkom of the Volgograd Oblast soviet of people's deputies, chairman of the oblast planning commission (Volgograd): "New--Means Excellent"]

[Text] The decree of the CPSU Central Committee and the USSR Council of Ministers concerning the development of the production of consumer goods clearly set the problem of the quality of consumer products. In this connection I wish to emphasize one idea: It is important not simply to learn to manufacture good items, but also to produce them in adequate series and not to "dilute" high-quality items with all kinds of unmarketable goods. What is necessary to do this? First of all, a policy, a clear-cut and strict system of interrelations between industry and trade, and we also need the corresponding organizational, legal and, we shall say, planning-financial conditions. The attention of the deputies of the USSR Supreme Soviet was justifiably directed toward this in the letter entitled "Goods for Everyone--the Business of Everyone" (IZVESTIYA Nos 78/79).

Let us take Volgograd. The market here suffers from two widespread vices: on the one hand it is overfilled with unnecessary items, and on the other, it is necessary to ship in from distant places trivial things which the enterprises themselves could manufacture. Why?

Let us begin with the fact that the enterprises are not well aware of the demand in the future. What will the consumer need tomorrow? Trade organizations and wholesale bases judge the demand on the basis of their current market conditions. Our commission has examined cases where enterprises, at the request of trade organizations, have expended considerable funds on manufacturing fittings, acquiring equipment and paying for the labor of designers so as to arrange the output of some commodity which 1.5-2 years later was removed from the conveyor since the country was already producing more of these items than it needed. This was the case with knitting needles, guitar strings, machines to screw on canning lids, and other items. It seems that in order to avoid such situations industry should have a certain number of small enterprises and sections which could easily change from producing one item to another. It is necessary to acquire flexibility in this area.

In Volgograd Oblast there are about 400 associations and enterprises, which are under dozens of ministries. The majority of them receive from the ispolkom of the oblast soviet suggestions for producing consumer goods which are substantiated, taking into account the market demand. It would seem that the ministries should be satisfied with obtaining this material. But frequently many ministries do not think it necessary even to notify the oblispolkom of whether or not they agree with the suggestions or the reason for which they reject them. The oblast soviet of people's deputies is faced with a fact: a certain volume of production of goods is set for the enterprise and nobody can change it. As a rule, this takes place in February-March. But as soon as the soviets are given the responsibility for planning production on a given territory, their suggestions should be considered with all possible attention. It is time to establish a policy for considering drafts of plans for the production of consumer goods in the ministries whereby the isolkoms of the soviets and the councils of ministers of the union and autonomous republics can actually participate in the consideration of these issues.

At the present time the planning of the production of goods for cultural-domestic and household use, in the majority of branches, is done in monetary terms. But in order to coordinate the volume of production with the demand it is necessary to plan in terms of the list of products as well. And the plan in terms of the list of products, it seems to us, should come from below--from the enterprises and the soviets of people's deputies. Who knows the demands of the local market better than they do?

Another question, the one with which we essentially started: Why do the managers of enterprises, as a rule, not display special fervor for increasing the output and improving the quality of consumer goods? Because their interest is not stimulated by the present system of moral and material incentives. Let us take this case. In the sewing association imeni M. Krupskaya there are many items marked with the Emblem of Quality on the flowline. But the brigade is paid a 10-percent bonus only if the size of the batch exceeds 30 percent of the overall output of this item. It is not understandable why there should be no incentives for producing 29 percent of the items with high quality. Further, in 1983 it was planned for this association to produce items made of acetate rayon in the amount of 73 percent of the quantity of the fabrics that were assigned, but . . . items made of acetate rayon are not given the Emblem of Quality.

As the standard of living of the population rises and the market is saturated, the demand switches in the direction of better quality, original and fashionable goods. And these shifts are becoming more and more rapid. But the existing provisions for filling out documentation for the production of one new product or another are so cumbersome and difficult to set in motion that the entry of the product into the trade network is delayed sometimes by a half year or even more. Managers of enterprises know that it is easier to assimilate and produce a simple item or one of moderate complexity than it is to gather all the permissions for its output. The Kompleks production association, for example, made an agreement with trade organizations to produce a new kind of heating stoves for little garden homes. A model was quickly developed, and then the coordination with the head enterprise, with the leading institute and with other administrative levels has been going on for a year now, and the end is not in sight.

At certain enterprises of the Ministry of Light Industry, it takes two years for an item to proceed from the creation of a model to the store counter. During this time either the model becomes outdated or the fabric does or there is no raw material for it in general. And it has to be replaced. Thus unnecessary goods are originated. It seems that there should be some kind of framework for cooperation between the houses of fashion and the textile enterprises. It is necessary to produce fabrics for fashions that are prepared and coordinated with the corresponding organizations and not the other way around, as is now the case. The time has also come to bring the GOST's for manufactured fabrics in line with the items of the sewing workers--there are large divergences here.

Another issue: What is the situation with additional assignments for producing goods which, according to the existing practice, are established by the soviets for each enterprise each quarter? The assignments are established, but their fulfillment frequently remains in question. The motivation of local soviets to search out reserves for additional production of consumer goods could be considerably increased if they were permitted to use even half of the above-planned production of raw and processed materials for the output of consumer products.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### BETTER QUALIFIED SPECIALISTS, EQUIPMENT CALLED FOR IN MILK PROCESSING INDUSTRY

Moscow SEL'SKAYA ZHIZN' in Russian 21 Apr 83 p 2

/Article by A. Atramentov and V. Atramentova, candidates of agricultural Sciences, Orel: "From Farm To Plant"/

/Text/ How best to organize the initial processing of milk in the interest of raising its quality and lowering expenditures of labor and resources.

It is an obvious truth: good quality raw material -- milk -- is required for the production of fine butter or cheese, yogurt or cottage cheese. But is this fact always taken into consideration on the farms? Certainly, a livestock breeder usually strives to produce high grade products and material incentives are issued for the production of such products. But the production of butter, for example, requires raw materials having the same technological properties and cheese -- quite different properties. This fact also is not always taken into consideration.

The effectiveness of the entire agroindustrial complex derives mainly from scientifically sound interaction between its various elements. Accordingly, with respect to dairy products, this means that throughout the entire technological chain, commencing with the selection of the feed and strain of livestock required for the production of milk and finishing with the methods for producing, storing and processing it, the final goal should be borne in mind -- the production of high quality food products.

The structure of the APK /agroindustrial complex/ with regard to the production of dairy products still does not meet these requirements. A shortcoming of this system is manifested especially in the pause that exists between the initial processing of the milk and its processing at a creamery. And indeed both of these processes should for all practical purposes constitute one indivisible technology. At the present time, this technology has been artificially divided into two stages. The first stage -- initial processing carried out by agriculture. The second stage -- the processing of the milk proper carried out by industry.

For the dairy industry, the initial processing of the milk, in addition to cooling, purifying and storage, also includes processes which have their own

specific nature depending upon the subsequent fate of the product. The various branches of the dairy industry -- cheese-making, butter-making, whole milk and so forth -- impose different requirements with regard to the regime for the initial processing of the milk. Thus, for cheese production the milk must be cooled and stored at a temperature of plus 10 degrees. For whole milk production, the temperature should ideally be lowered to 2-4 degrees and in butter-making the quality of the final product will improve as the length of the storage period for the raw material is reduced -- here the milk should be processed as rapidly as possible. Meanwhile, all of the farms have adopted a common regime for the initial processing of milk -- deep cooling and storage for a period of 20 hours.

Quite often the milk processing technology employed on the farms lowers its raw material qualities. During cooling in an automatic AKhU-1000 unit, for example, a considerable increase takes place in the number of microorganisms in the product owing to the prolonged cooling process. A tenfold deficit of cold, required for the cooling of milk, is built into this unit. Considerably more effective ammonia systems have already been in use for some time in the dairy industry.

The removal of mechanical impurities from the milk on the farms is just as ineffective. In the majority of instances the dairy farms lack the modern equipment required for the purification of milk and thus are forced to carry out the repeated filtering of the product manually and this leads to considerable unproductive expenditures. It bears mentioning that in many countries this indicator -- milk purity based upon the presence of mechanical impurities -- is not taken into account at all, since it does not define the technological properties of the product and is easily corrected in industry. Our requirements for the purity of milk used as raw material are on a par with the requirements for the dairy products produced by industry. These requirements can only be met through the use of centrifugal milk purifiers, which agriculture does not have at its disposal.

The departmental dissociation of the process of primary processing of milk is delaying a solution for this problem at the level of international standards and at the same time agriculture is being subjected to considerable additional expenditures which could be avoided without affecting the quality of the dairy products. The process of separation is being carried out in the absence of proper control, with violations of the technology and using inefficient equipment. As a result, great losses in fat are occurring.

The primary processing of newly obtained milk must be carried out based upon a thorough knowledge of the processes taking place in it and in the dairy products and upon the effective regulation of these processes in the desired direction by means of a change in temperature and other factors. An efficient technology for the primary processing of milk must take into account the chemistry, physics and biology of the milk and dairy products. Agriculture cannot impart a correct direction to this process.

Or let us take the storage of milk on the farms. Quite often it also does not conform to the requirements for plant production. In the majority of instances the milk is stored in open containers and is not protected against environmental influences.



No change takes place in the work with the conversion of animal husbandry over to an industrial basis. The farms become larger specialized producers of milk and yet it is only in rare instances that solutions are being found for the initial processing and storage of the milk. For the most part, an attempt is being made to organize such initial processing in each cow barn. Inefficient and incomplete equipment is being installed for this purpose (the only type of equipment being supplied to agriculture at the present time). Just as in the past, freon refrigeration units with air cooling are being installed on the farms. In the majority of instances these units are not very efficient and do a poor job of cooling the milk. The temperature regime for condensation in these units is dependent upon the temperature of the surrounding air and thus during the summer months, the period of maximum milk production, they do not ensure complete condensation of the refrigerant. In the final analysis, the cold productivity of the units is lowered and their kpd /efficiency factor/ amounts to only 45 percent.

The milk processing system employed on the farm milking production lines also precludes the possibility of obtaining high quality products. The milk processing units can operate only on a steady flow line, whereas the milking units create a pulsating flow. Thus it is not surprising to learn that, owing to the inefficiency of a majority of the items of equipment being produced for the initial processing of milk, up to 70 percent of them are lying inactive.

As a result of the inefficiency of the farm dairy equipment, industry is forced to repeat the initial processing of the product and to install appropriate equipment for this purpose at its lower levels. But this does not produce any special benefit, since owing to the late delivery of the milk its processing is carried out here on a tardy basis.

The existing status of affairs tends to indicate that organizational, technical and technological improvements are required in the initial processing of milk within the agroindustrial complex system. We consider it advisable for the initial processing (purification, cooling, storage and transporting) of milk and the associated costs to be transferred over to the dairy industry within the APK /agroindustrial complex/ framework. The industry would then be more interested in the distribution of its enterprises and it would display concern for use of the proper technology and for minimal expenditures for implementing these processes. Moreover, only the milk processing industry can provide correct direction with regard to the regimes and conditions for the processing of freshly obtained milk or change the initial processing depending upon the production requirements. Such a solution will make it possible to eliminate the numerous transshipments of the product which take place along the route between the farm and a plant, it will release considerable resources expended for similar technologies for the initial processing of milk and it will make it possible to obtain high quality products.

The initial processing of milk on an industrial basis can be carried out apart from the milking line, commencing with the unit for reserving milk and its subsequent delivery to a processing line located at a farm milk house that is isolated from the cow barn. All of this can be carried out on equipment produced for the dairy industry. The flow line process for milking and processing will be ensured by intra-farm milk lines which deliver the product

from the milk collector of a milking machine to the milk receiver of a farm milk house. A check carried out on this technology produced fine results on a number of farms in Kharkov Oblast.

The dairy industry is qualified to carry out the servicing, preventive maintenance and repair of equipment. Agriculture does not have skilled specialists for refrigeration and technological equipment. This is one reason why the equipment used for the initial processing of milk in animal husbandry often lies idle. The training of additional specialists for agriculture, for carrying out a comparatively small volume of work associated with the milk technology on the farms, is not considered advisable.

In those areas where the acceptance of milk directly at a farm has already been organized and the product is being transported by means of industrial transport, the turning over of this entire cycle to a dairy plant is a mere formality. The solving of this task will provide a tremendous savings in labor and resources in animal husbandry and, even more importantly, it will raise quality substantially and reduce losses in this important farm product.

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## HOUSING AND PERSONAL SERVICES

### LENINGRAD HOUSING PLANS, PERSONAL SERVICES FOR 1983

Leningrad LENINGRADSKAYA PRAVDA in Russian 20 Jan 83 p 3

[Article; passages rendered in all capital letters printed in boldface in source]

[Text] New settlers of the city and oblast will receive 50,000 apartments.

The capacity of polyclinics will increase by 7,240 visits a shift.

During the year the volume of personal services sold to the population will increase by 13 million rubles.

This year housing, cultural and general construction is characterized not by an increased scale, not by the opening of new residential districts. The construction workers will work at the addresses already known to the reader. But the very approach to the formation of microrayons is changing: the building up of the districts is being concentrated and the completeness is increasing, the clear-cut policy of eliminating "blank" spots is being continued, the number of residential buildings with built-in stores and trade and personal service enterprises is being increased by twofold.

The Rzhevka-Porokhovyye district is the main rayon of mass development. This is an entire city on the map of Leningrad, which is designed for 150,000 residents. In 1983 the formation of new blocks will be completed here. Moreover, the construction workers have assumed the obligation to completely develop and improve them, without leaving vacant lots, to which it would be necessary to return in 2-3 years.

The experiment of the comprehensive development of the 48th block will be continued to the south of the Volkovka River. Creative cooperation with the collectives of the Main Administration of Architectural Planning, the Main Administration of Capital Construction, the Main Administration of the Construction Materials and Components Industry of the Leningrad City Soviet Executive Committee, the Main Administration for Construction of Engineering Installations of the Leningrad City Soviet Executive Committee and the Administration for Centralized Transportation of Construction Freight of the Main Administration of Motor Transport of the Leningrad City Soviet Executive Committee will help the construction workers of the Main Administration for Housing, Civil and Industrial Construction of the Leningrad City Soviet Executive Committee in this. Its goal is the efficient use of resources, the increase of completeness and the considerable improvement of the level of service of Leningraders.

This year is characterized by the origination of new types of residential buildings. The first pilot house made of items of House Building Combine No 3 will be built in the 11th experimental block of Shuvalovo-Ozerki, the amount of construction of structures of the 137th series with panels made of gas concrete, to which it is possible to give any color, will be increased--the external appearance of buildings will become festive. Such houses will receive registration in Rzhevka-Porokhovyye.

House Building Combine No 5 will change over to the construction of new series of children's preschool institutions, in which additional rooms for educational and training work are envisaged. The construction of polyclinics, dormitories and automatic telephone exchanges will be continued.

Such an item as the improvement of the quality of construction has also been inserted in the obligations. It is planned to achieve this by the increase of the demandingness on each performer, the introduction of the operation-by-operation control of the quality of the work and the supply of each brigade with a slurry and concrete unit, advanced tools and accessories.

In the Main Administration for Housing, Civil and Industrial Construction of the Leningrad City Soviet Executive Committee the percentage of apartment houses accepted with a high rating will increase by twofold. The increase of the level of industrialization and the adoption of the comprehensive quality control system are conducive to this. This year, for example, an experiment on the improvement of the decorating of apartment houses is being readied: about 2,000 apartments will be decorated in accordance with the orders of the new settlers--they themselves will select the color and pattern of the wallpaper, linoleum and parquet.

A good house and an excellent apartment really give pleasure only when stores, cafes, dining rooms and personal service enterprises are nearby.

THIS YEAR 35 NEW STORES WILL RECEIVE THEIR FIRST CUSTOMERS. The residents of Shuvalovo-Ozerki, the region of the former Komedantskiy Airport, to the south of the Volkovka River and Dachnoye will be them.

It is necessary to add to this that this year an increase of the retail commodity turnover of all Leningrad trade by 5.7 percent will be ensured. Here the level of self-service will increase considerably, advanced forms of trade will be used extensively. It is planned to increase the delivery to the trade network of packaged potatoes, vegetables and fruits to 250,000 tons, vegetables directly from the fields of sovkhozes--to 100,000 tons.

IN LENINGRAD AND THE OBLAST 35 NEW DINING ROOMS, RESTAURANTS, CAFES AND TRADE AND PERSONAL SERVICE COMPLEXES WILL APPEAR. There are 8 enterprises in the rayons of new construction projects, a restaurant in the city of Sestroretsk, a snack bar and a children's cafe in the region of the former Komedantskiy Airport, 9 dining rooms attached to general educational schools, 2 attached to vocational and technical schools and 11 dietary dining rooms.

Not only the very fact of the opening of new stores, cafes and dining rooms is important, it is important that consumer goods would always be available to customers, that here they would greet customers in a friendly manner and serve them excellently.

Today personal service offers hundreds of services. THEIR SALES VOLUME IN 1983 WILL INCREASE BY 13 MILLION RUBLES. On the average each Leningrader will receive the most diverse services worth 50 rubles 31 kopecks. New houses of personal services will throw open their doors in the settlements of Kommunar and Aleksino of Gatchinskiy and Volkhovskiy Rayons, a combined receiving center will open in the village of Nizino of Lomonosovskiy Rayon; a shop for the repair and production of mirrors will open in Nevskiy Rayon. The largest House of Clothing in the city, which is designed for 2.7 million rubles of services a year, will receive its first customers in Polyustrovo; a repair and tailoring shop of fur items will open on Grazhdanskiy Prospekt.

But the main thing, which is required today of the workers of the personal service sphere, is to increase the quality of work, to organize the matter so that the demands and needs of Soviet people would be met more completely, better, without detriment to their production activity, as the recently adopted decree of the USSR Council of Ministers requires. Today this task is being placed in the forefront, and it has found reflection in the obligations of the collectives of the service sphere.

And there is another thing. Newly installed telephones will bring great joy to the homes of Leningraders--they will begin to ring in 50,000 apartments. The orders of many residents of Vyborgskiy, Krasnoselskiy, Moskovskiy and Nevskiy Rayons of the city will be filled.

In the lines of the obligations there is a vivid picture of the fulfillment of the social program of the development of Leningrad and the oblast. A program, each item of which envisages the main thing--specific concern about a specific person.

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## HOUSING AND PERSONAL SERVICES

### UNRENOVATED HOUSING PROVES FIRE HAZARD

Moscow SOVETSKAYA ROSSIYA in Russian 29 Apr 83 p 6

[Article by M. Krushinskiy, special correspondent: "The Price of Moments"]

[Text] "Rostov-on-Don. 7th Fire Department Administration. Deepest gratitude to the people who saved my apartment and belongings from fire. Poddubskiy".

A simple telegram text is sometimes very capacious. Here before me is a document which by its very nature seemingly excludes any manifestation of emotion--a fire report. Militarily strict and laconic, it dryly relates the facts. After each typeset "question" there is a typewritten "answer". Nevertheless, even behind these "report data" are someone's tears, cries for help, the ringing of glass cracking from the heat... and someone's courage, resourcefulness, and risk. And still behind these are problems: organizational, financial, and psychological.

"Address and name of facility. M. Gor'kiy Street. 160, residential house. Time when fire was detected. 19:35. Person detecting fire and time of reporting it to the fire department. Residents of the house reported it by telephone "01" to the TsPPS at 19:44..."

The TsPPS is the Central Point for Fire Communications. At the minute indicated it was engulfed in an avalanche of telephone calls.

At 19:46 two tank trucks and an automobile from the gas and smoke protection service arrived on the scene. The watch commander, Lieutenant Borisov, saw the column of fire above the roof of the four-story building from afar and radioed in: "Class two fire!".

These three words spoken into the microphone seemed to comprise a watchword equivalent to sounding a battle alarm for the entire garrison. At different ends of the city whose population numbered in the millions the gates of the fire depots swung open, traffic stopped, subordinate to the authoritative whines of the sirens, medical ambulances, the gas, electric, and militia services were brought into readiness. The water works increased the pressure in the water main networks laid under Maxim

Gor'kiy Street. In several minutes there were already 30 red cars around house number 160. Ninety-six people, having broken up the burning building into battle sections, swiftly and smoothly, without the slightest signs of fuss, performed the actions which had become automatic at the countless training sessions.

The threat was primarily to the residents of the upper story. When the flames leaped through the roof, when the attic coverings began to collapse, filling the rooms with the smell of smoke, the people were gripped with panic. The way downward was cut off by a wall of black smoke, or so it seemed to them. They dashed around the halls branching between the apartments, they ran out onto the balconies. In a minute some of them would have started jumping over the railings onto the street and into the yard. "Help us, we are cut off!", shouted a young woman from the balcony, holding a baby to her chest.

In 10 seconds or so Senior Sergeant Nikolay Ivanovich Knyazhichenko came to her aid. In the next room he saw an old professor (the name plate was on the door) sitting without his shoes on the bed, clutching the headboard with his white fingers so that one could not tear him away. He talked to him and calmed him: put on your shoes, take your most necessary belongings, I'll help you get down. Then he came back to the young mother. She was more steadfast, gazing with hope at her rescuer. He led her to the fire escape--wait, I'll be back in a moment! Then back to the professor, who was sitting in his former position, without his shoes.

In about five minutes the firemen evacuated 19 residents from the building and a new stage of combatting the fire had begun--to localize and destroy it, to save the multi-apartment building whose corner faced Gor'kiy Street. We can relate how the fire-fighters crawled through a manhole onto the roof which was engulfed in flames, how boiling water poured down on their helmets and shoulders from the heating pipe which had burst from the heat; how they fought in the pitch darkness of the smoke-filled basement, how they shut off the electric current--this was done without any instruction by private Vladimir Karpeshko, who was able to get to the distribution panel wearing special boots and gloves. This hour held many dramatic events. The fire was extinguished at 20:44.

But let us return to the beginning. Let us remember that nine minutes elapsed between the start of the trouble and the first alarm signal. Is this a long or a short time? A person who is unacquainted with "fire" matters would probably say that it was a short time. Someone did a good job in running to the telephone quickly. A specialist, however, would knit his brows and shake his head with contrition. To him, the specialist, it is clear. In the first minutes, when the combustion temperature is still relatively low, when the center of the fire is limited in area, it costs nothing to "quell" it with a good portion of water or, say, foam. But it is important not to let the moment, which is sometimes measured in only seconds, pass. But 9 minutes!... That is catastrophically long.

Here is what happened. The fire started in the basement. In this old stone house (built in 1862!) each entryway still had shafts along which a dumb waiter moved before the war. Today they are boarded up. The upper part of the shafts leads out into the attic, while the bottom rests on the basement accommodations, where the residents leave all kinds of rubbish. It was this rubbish which started to smoulder and smoke, probably from a cigarette butt which someone had thrown. They ran for a pail and splashed water on the fire--it seemed to go out. They stopped at this. But the heat, meanwhile, in full accordance with the laws of gravity, was exhausted upward through the shaft. The fire, still secretly, was gaining strength in the attic, penetrating into the wall spaces. And it was only when the roofing metal had buckled, only when pieces of hot roofing slate were thrown onto the tram line did people think to dial "01". Another minute of hesitation and the coals falling into these same spaces would have ignited the lower stories as well. In the attic the flames would have moved through the brick partitions along the entire front, turning the whole house into a roaring bonfire...

The second critical moment: the cars from the nearest (number one) fire station took, as we recall, about two minutes to get to the burning building. Is this fast? Not very? If we consider the distance it is fast, excellent time. But if we take into account the specifics of the block where the mishap occurred, the help took an inadmissably long time to come. In this section of Rostov there are too many old houses built in pre-revolutionary times. They are especially susceptible to fires, almost explosion hazards. If in modern residential housing the count may be conducted in minutes, here everything is decided in moments. Moreover, the fire department in Kirovskiy Rayon, which was liquidated for unclear reasons in 1969, has still not been restored. How useful it would be--tens of seconds saved!

In all fairness we will note that the question of building a new station here has been resolved in principle. Much is also being done for "anti-fire training" of Rostov residents. Every week films calling for vigilance are shown on television. The opening of a special puppet play is being prepared for children. But all this, it seems, isn't enough, since the fire on Gor'kiy Street was the second in recent months.

People in the "fire" profession never dare to "think lightly about seconds". The price of moments is all too well known to them: property--sometimes valued at millions of rubles, and sometimes even human lives. How we would want everyone, including officials, to share the firefighters' regard for quickly elapsing seconds!

"What was destroyed and damaged by the fire. A 241 m<sup>2</sup> area of the roof was burned, the flooring between the third and fourth stories was damaged, as well as the attic flooring... And--the final column, which bears the happiness of triumph mixed with a slight disturbing note: "Accidents during the fire: NONE".

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CSO: 1827/229



## HOUSING AND PERSONAL SERVICES

### REPUBLIC TELEPHONE SERVICE IS BESET WITH MANY PROBLEMS

Moscow SOVETSKAYA ROSSIYA in Russian 4 Mar 83 p 3

[Article by N. Tyurin: "Hello! We Do Not Hear You"]

[Text] "Why the Telephones Are Silent"--that is how the article, which was published in our newspaper on 5 October of last year, was entitled. It was a question of the unfortunate situation which has formed in the sphere of production communications, which serves the needs of industrial enterprises, farms, institutions and organizations--an enormous number of telephones, switchboards, radio stations, which directly influence the efficiency of management. The publication evoked a noticeable response, the editorial board received tens of collective letters and official responses. It is noteworthy that not only representatives of enterprises and organizations of the RSFSR, the Ukraine, Belorussia, Kazakhstan, Estonia and Tajikistan responded to the questions posed in the article--such is far from a complete list of the return addresses on the envelopes. Before turning to their analysis, let us recall the contents of the publication on the silent telephones.

The importance of production communications, it was stated in it, is increasing rapidly: technological processes are becoming complicated, the pace is increasing, automatic equipment is acquiring greater and greater importance, and under these conditions timely, reliable information frequently determines the quality of the labor of hundreds and thousands of people. However, the efficiency of the operation of the lines and equipment, which serve the interests of production, today is obviously lower than it can and should be. Why? It turned out that this type of communications was as if ownerless, since a link, which coordinates the solution of ripe problems, does not exist in any of the central planning departments. The stand of the USSR Ministry of Communications and the USSR Ministry of the Communications Equipment Industry, which in essence held aloof of the search for a way out of the formed situation, was criticized in the article. Among the practical steps it was suggested in the article to create in the Ministry of Communications a special division with the necessary powers and to centralize the supply of sectors with communications equipment. What do those who design and build automatic telephone exchanges and cable networks and use the services of departmental telephones, loudspeakers and radio stations, think about these excuses?

Here is the letter of A. Yegorichev, chief engineer of Chermetenergo. "The smelting of pig iron and steel and the production of rolled products," he writes, "are impossible without the appropriate communications equipment. However, the USSR

Ministry of Ferrous Metallurgy is experiencing considerable difficulties with the acquisition of equipment, cable products, spare parts and materials. In recent years the delivery of loudspeakers, microphones and amplifiers to our enterprises has been decreased significantly. A large number of radio stations in the sector are inoperative due to the lack of batteries and other spare parts, as a result rail transport and mining equipment are suffering damage...."

Indeed, the situation, which has formed in many sectors with production communications and the quality of its operation, cannot be called satisfactory. What are its most characteristic distinguishing marks? Let us name them, having allowed the participants in the discussion to speak. "The institute is drafting the design documents for the construction, renovation and retooling of enterprises, including the section 'Production Communications.' There are obviously not enough instructional materials on the planning of this section. A combined center of the technical service of design organizations is needed" (T. Laufer, chief engineer of the Scientific Research and Planning Institute of Lime Concrete, the USSR Ministry of the Construction Materials Industry). "The dispatcher switchboards, the units like the Kristall, Pskov and PCSI-71 both from the point of view of the level of construction and in the design decision leave much to be desired. They do not meet the requirements of modern production and need modification or replacement" (S. Meyyevich, chief engineer of the Kazakh State Institute for the Planning of Enterprises of Nonferrous Metallurgy, the USSR Ministry of Nonferrous Metallurgy). "While inspecting a number of plants of the ministry it was ascertained that the automatic telephone exchanges of the two-motion system were in good condition and could operate for a long time to come, if spare parts were available. Their forced replacement by the Kvant quasi-electronic automatic telephone exchange causes considerable difficulties" (T. Zapol'skiy, chief engineer of the Technical Department, and L. Glebtsova, head engineer of the Electrical Engineering Department of Giprozkhivmash [not further identified], the USSR Ministry of Machine Building for Animal Husbandry and Fodder Production).

Thus, the predesign documents, the quality of the equipment and the supply with spare parts are the main obstacles in the way of the supply of enterprises with reliable communications. As practical experience confirms, today it cannot be otherwise. A. Shesterenkin, deputy chief engineer of Gipropromsel'stroy [not further identified] (the USSR State Committee for the Supply of Production Equipment for Agriculture), V. Trazanov, chief power engineer of the Novogorod Azot Association (the Ministry of Mineral Fertilizer Production), A. Kharitonov, chief of the bureau of the Communications Division of the MosavtoZIL Association (the Ministry of the Automotive Industry), S. Merkulov, chief engineer of GPTIkuzmash [not further identified] (the Ministry of the Machine Tool and Tool Building Industry), A. Spivin, chief engineer of the Anzobskiy Mining and Concentration Combine (the USSR Ministry of Nonferrous Metallurgy) and many others stressed this idea in their letters. What are the reasons for such sentiments? The concern of the specialists, who are engaged in the designing, installation and operation of communications equipment, economic managers and rank and file production workers is dictated by the fact that to this day in this sphere there is no uniform technical policy, there is no attentive and competent boss. How did the ministries, which bear the responsibility for the status of the sector as a whole, react to the statement of the newspaper?

In the response of the USSR Ministry of Communications, which was signed by Deputy Minister V. Glinka, it is explained quite comprehensively, on what principles the activity of the staff of the sector is based and how it is cooperating with other ministries and departments. Judging from the response, the ministry is entirely content with the present situation. As to the suggestion to centralize the coordination of the technical and organizational decisions which are addressed to production communications, the ministry considers it to be impracticable.

The USSR Ministry of the Communications Equipment Industry, which is engaged in the production of the hardware components of the sector, did not reply to the editorial board. If we take into account that more than 4 months have passed since the day of the publication of SOVETSKAYA ROSSIYA on silent telephones and in practically every other signal from the provinces there are critical remarks meant for this ministry, such a stand cannot but arouse bewilderment. On the other hand, the indifference to the urgent problems of the sector, which were formulated in the newspaper statement, testifies to a kind of habit of passing over what does not yield an immediate profit, but entails much trouble. The extrasectorial, national economic interest here, apparently, does not count.

The response of USSR Gosplan, which was signed by A. Ovsyannikov, deputy chief of the Communications, Radio Broadcasting and Television Department, is characteristic. In the letter the lag in the production of the necessary equipment is named as the main factor which is checking the development of production communications. "In a number of instances the USSR Ministry of the Communications Equipment Industry removes from production obsolete equipment, without counterbalancing it with quantitative amounts of new equipment, which is evoking the just reproaches of departments," Comrade Ovsyannikov states. However, when the talk touches on the main thing--the improvement of the methods of managing the sector--the response sounds as follows: "The structural organizational changes proposed by the author by the creation of new subdivisions in the central planning organs, in the USSR Ministry of Communications... will lead only to additional staffs and expenses...."

In short, the position of the three instances (including the silent Ministry of the Communications Equipment Industry), on which in many ways progress or stagnation in this sphere depends, is quite clear. But does it meet the requirements of today's production? The point of view of the ministries and the department of Gosplan is probably based on the USSR Communications Charter, in which considerable autonomy of intradepartmental communications is set down. Here it is stated that the management, construction, renovation and operation of the devices and structures, which do not have an outlet to the system of common use, pertain to the corresponding ministries, departments and their local organs. It is also true that the endless variety of works every time dictates new conditions to the communications workers, and no staff of the sector, be it far more powerful than the existing one, is capable of ensuring their fulfillment on its own. But can the specialized ministries, first of all the Ministry of Communications, hold completely aloof of the problems which, although not recorded in the charters, are extremely important?

Let us take a few data. Since 1971, when the USSR Communications Charter was approved, the number of telephone numbers in the production system has increased by more than twofold. In 1970 3,763 radio stations were in operation in ferrous metallurgy. By 1982 their number has increased by more than sixfold. The use of

television in industry, the units of which were a rarity 10 years ago, is increasing rapidly. It is possible to go on and on with such examples. But it is a matter not of the listing of figures and facts, but of the conclusion which is present in the majority of the letters received by the editorial board: production communications has reached a qualitatively new level and it is necessary to manage its development differently.

The activity of the interdepartmental coordinating council, which coordinates construction and the technical assignments on the development of new equipment for the needs of production communications, is cited as a weighty argument in the responses of the Ministry of Communications and Gosplan. Of course, the usefulness of such an organ does not arouse doubts. But, first, the interdepartmental coordinating council considers one question or another only if the system of communications of the production subdivision has an outlet to the system of general use, for which the Ministry of Communications is responsible. Second, the working staff of the council, which consists entirely of workers of the ministry, and its status--"attached to the USSR Ministry of Communications"--to a certain extent subordinate its efforts to the interests of the staff of the sector. And, finally, the symposiums of the council, which meet once a month, are hardly an adequate pace of work in a sphere which today requires the daily attention of competent, responsible specialists.

It was noted long ago and justly that the creation of a new management subdivision, even one invested with extensive powers, cannot automatically solve urgent problems. It is necessary for this subdivision to act persistently and inventively, fully utilizing the rights given to it. The future will show whether an organ responsible for the development of production communications will appear in the structure of the Ministry of Communications and USSR Gosplan or the urgent tasks will squarely face the ones which exist now. But it is difficult not to agree with the idea which can be detected in each letter of the production workers: success here will come without fail, if this sphere is consistently subordinated to state reporting, control and planning.

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## CONSUMPTION TRENDS AND POLICIES

### ON INCREASING ECONOMIC EFFECTIVENESS IN BRANCHES OF LOCAL INDUSTRY

Moscow DEN'GI I KREDIT in Russian No 2, Feb 83 pp 36-50

[Article by K. A. Akhmetzhanov, deputy manager, Kazakh Republic Office of Gosbank]

[Text] A discussion of the organization of economic work with branches of local industry was held in Alma-Ata in October 1982 within the framework of the All-Union Economics Seminar.\* The following participated in the discussion: S. P. Artem'yev, chief, Administration for Crediting Local Industry; Z. S. Aleksandrova and T. D. Molchanova, department chiefs of the same administration; Z. K. Sarymullayeva, deputy chief, Kazakh Republic Office of Gosbank; administration chiefs of republic offices of Gosbank; department chiefs of oblast offices in the Kazakh SSR; personnel of the Kazakh Republic Office of Gosbank responsible for temporary credit service to branches of local industry; and V. A. Voskresenskiy, responsible secretary, editorial staff of DEN'GI I KREDIT.

S. P. Artem'yev. This is the third time in the last few years that we have discussed the organization of work with local industry branches. We met at the end of the 10th Five-Year Plan. That meeting was devoted to the task of providing a fitting conclusion to the final year of the current five-year plan and to making preparations for active participation and implementation of quotas under the 11th Five-Year Plan. The implementation of the decree of the CPSU Central Committee and the USSR Council of Ministers "On the Improvement of Planning and Strengthening the Influence of the Economic Mechanism on Increasing the Effectiveness of Production and Improving the Quality of Work" (No 695 dated 12 July 1979) was the principal theme of the second meeting in Gorkiy.

This time, we are meeting at the end of the second year of the 11th Five-Year Plan at a time when the plan for the economic and social development of the USSR and the union republics is being drafted for the year 1983 -- the time when nation is crossing the halfway mark in the 11th Five-Year Plan.

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\*DEN'GI I KREDIT, No 1, 1983, p 77.

We can note that Gosbank personnel responsible for providing temporary credit service to local industry branches have promoted the fulfillment of five-year plan quotas by associations, enterprises and organizations belonging to those branches.

Production management in branches of local industry has been improved in recent years. The production association with a network of non-cost accounting production (structural) units has become the basic productive cost accounting entity in local industry, republic industrial associations have been formed, and individual republic ministries have made the transition to operating on a cost accounting basis.

Specialized oblast and republic associations and enterprises have been created in the sphere of consumer services. The administration of consumer services in rural areas is undergoing reorganization. This takes the form of rayon production administrations of consumer services that incorporate integrated receiving centers and of production between rayon production administrations and specialized associations and enterprises.

The management consolidation process is also in progress in the area of housing and municipal services -- oblast and republic associations and trusts are being organized. Housing operation offices and house management offices are now a thing of the past. Instead we now find building operation directorates, production administrations and housing and municipal services trusts.

Under these conditions, there have also been changes and improvements in credit and accounting relations between the bank and these branches of the economy. Measures to implement Decree No 695 of the CPSU Central Committee and USSR Council of Ministers are of major importance in this regard. Much attention is required by the effort to ascertain the possibility of increasing the production and supply of consumer goods to trade; to improve cultural and other services rendered to the population for a fee; and to promote Gosbank's cash receipts.

There must be more active and efficacious implementation of all measures pertaining to the implementation of Decree No 612 (30 June 1981) of the CPSU Central Committee and the USSR Council of Ministers "On Strengthening Work to Make Economical and Rational Use of Raw Materials, Fuel, Power and Other Resources" and the order of the Board of the State Bank on this question. It must be said that little has as yet been done in this direction. There has been no appreciable improvement in the use of material resources in branches of local industry. The relatively more rapid growth of the results of production compared with material inputs has not yet been achieved. To the contrary, the growth of material reserves in value terms outstrips the growth of output. Hence the task to use all bank levers and means to influence these processes more actively.

We need to know that each enterprise has accumulated. In the process of identifying unneeded reserves supply agencies, people's control organs and higher economic management organs must become more actively involved in the implementation of the bank's proposals. A careful check must be made, enterprise by enterprise, starting with the most overstocked. At the same time,

credit should be provided for material stocks required for the production process in amounts not exceeding one year's requirement. Inventories not credited by the bank -- the so-called above-plan inventories -- should be the basic object of the "struggle." Gosbank institutions must have the ability to prevent the buildup of unnecessary inventories in the process of providing inventory financing (especially on the basis of payment credit).

In the process of checking enterprise inventories, it is essential to discover commodities that are needed by the population and to channel them into retail trade for sale. At the present time, it is especially necessary to reduce the use of foodstuffs (vegetable oils, animal fats, flour, grain, meat) for industrial purposes and to replace them with products that are not part of the human diet.

While branches of local industry at first glance do not belong to the agro-industrial complex, nonetheless we can clearly see our tasks in the effort to implement the party-government Food Program. Part of the task of local industry must be to provide local markets with agricultural equipment for the personal household plots of kolkhoz workers, sovkhoz workers and the rural intelligentsia and for members of gardening associations whose members include millions of urban amateur gardeners. This equipment is needed by voluntary societies and subsidiary farms of enterprises and organizations. There is also need for enormous quantities of various kinds of containers -- baskets, boxes, barrels, etc. Scrap metal can be used in the production of agricultural equipment.

The consumer services sphere, film and cultural institutions bear a special responsibility for supplying the rural population with all manner of consumer services. We must do our utmost to see to it that the rural population not waste time traveling to the city in order to obtain various services, to see to it that it can obtain all services locally. While the development of municipal services in rural areas is a complex problems, it is one that must be resolved without fail. The system of municipal services in cities is for the most part not contributing to the organized resolution of this problem with the exception of the Georgian SSR where the Ministry of Municipal Services has instituted an administration for rural municipal services.

A. V. Dronov (deputy chief, Administration for Crediting Local Industry, RSFSR Republic Office of Gosbank). The RSFSR Office of Gosbank devotes much attention to working with enterprises in the consumer service enterprises. Through the temporary credit mechanism, Gosbank institutions stimulate the development of consumer services, the increased effectiveness of the work of enterprises in the consumer service sphere, the improvement of quality and the filling of orders on schedule.

In recent years, the repairing of sewn and knitted goods, household appliances, radios and television sets, the repair and maintenance of vehicles and furniture production services have been developed on an accelerated basis.

In the interest of further developing consumer services, the Russian Federation is making an active effort to improve the organizational structure, forms and methods of management at all levels of the service sphere. Concentration

and specialization within the framework of republic, kray and oblast branch associations with regard to the basic groups of consumer services and the broad development of cooperation within the system are the general line of restructuring of production and management in this branch. At the present time, the branch numbers 780 production associations that are responsible for all enterprises that render given types of services as production units and in some cases that function as independent specialized enterprises. The level of specialization of the overall volume of services has been raised to 86 percent for the ministry as a whole, including the repair of household appliances (96 percent); repair and fabrication of footwear (90 percent); repair and fabrication of clothing (84 percent); and repair, sewing and knitting of tricot products. Specialized production associations are assigned obligations associated with the development of corresponding types of services in an autonomous republic, kray or oblast. They organize production, the technical retooling of the branch, the material-technical supply of their structural subdivisions, and personnel training and bear responsibility for quality and for observing the time limits for filling orders.

Concentration and specialization create conditions for the industrialization of the branch, for the broad introduction of new technology, progressive production techniques and an integrated quality control system. Thus, the integrated quality control system has been introduced in 74 household appliance repair associations, in 6 dry cleaning associations and in other associations and specialized enterprises. Enterprises operating under the integrated quality control system perform more than 80 of all productive types of consumer services.

Since the filling of orders is concentrated in branch production associations is concentrated in branch production associations and not in rayon (city) consumer service combines (as was the case in the past), the functions of the rayon consumer service combines changed and it became necessary to modify the organizational structure of management in rayons. Rayon and city consumer service combines, which in the past were the basic type of enterprise in the rayon, played a positive role in their day. However they were unable to perform the tasks that were posed when consumer services were converted to operation under the new conditions and especially were unable to specialize production for the performance of certain types of services.

Accordingly, the rayon (city) combines were transformed into rayon (city) production administrations for consumer services and were assigned organizational and monitoring functions in the integrated development of consumer services in administrative rayons. When the rayon production administrations are not entirely engaged in production, they can concentrate their primary attention on organizing the filling of the population's orders for consumer services on the basis of cooperative relations with production associations and specialized enterprises. Dispatching services created under rayon production administrations exercise planned and operational monitoring of the collection of orders of rural dwellers through a network of integrated receiving centers, organize their delivery to specialized enterprises and following their timely execution deliver them to the population.



Rayon production administrations supervise the network of receiving centers, promote the introduction of new types of services and forms of consumer services, make proposals on improving the work routine and on organizing the advertising of consumer services, and organize and conduct explanatory work among the population regarding consumer services.

The specialization and concentration of consumer services have produced new economic ties between production associations and the consumer service sphere at the rayon level, including cooperation within the system in the performance of consumer services, which promotes the more complete utilization of the fixed capital of branch production associations, the maximum utilization of the capacities of specialized enterprises, and the development of the consumer service sphere.

This form of economic interrelations is developing at a rapid rate today. The sales volume of consumer services performed on a cooperative basis within the system increased 1.27 fold between 1980 and 1981 alone and comprised 26 percent of the volume of services for the ministry as a whole.

Over half of the orders of rural dwellers have been filled by specialized enterprises based on cooperation within the system thereby making it possible to reduce the disparity in the level of personal services to urban and rural dwellers from 1.8 fold in 1975 to 1.3 fold in 1981.

In connection with the formation of rayon production administrations that organize the collection of orders and specialized production associations fill these orders on the basis of cooperation within the system; the order of operations involved in the distribution of the proceeds has been modified.

The proceeds collected by integrated receiving centers of rayon production administrations for services performed on the basis of cooperation within the system (including proceeds from the sale of small lots of goods fabricated without being ordered in advance by the population) and proceeds reaching production associations from subordinate consumer service points are paid into Gosbank accounts according to one of the following procedures which is established by the republic (ASSR), kray or oblast office of Gosbank with the consent of the administration (ministry) of personal services of an oblast, kray or ASSR.

The first procedure calls for the proceeds to be deposited to the current account of the rayon production administration and for these proceeds then to be disbursed to the current accounts of production associations within the time limits specified in the agreements.

The second procedure calls for the proceeds to be deposited to a current sub-account to be opened by the rayon production administration. The rayon production association redistributes funds from the current subaccount to the current accounts of production associations within contractually specified time limits. At the same time, at the order of the rayon production administration, the part of the proceeds that belongs to the administration for services and works performed on the basis of cooperation within the system is transferred to its current account.

Under the third procedure, the proceeds are deposited in current subaccounts that are opened for production associations at the place where their production subdivisions are located. The balance in these current subaccounts is transferred to the current accounts of production associations in accordance with USSR Gosbank Instruction No 2.

The following procedure has been established for issuing payroll funds to consumer service enterprises. Current accounts may be opened for production subdivisions whose location differs from that of the production associations (based on the coordinated solution of the heads of these associations, Gosbank institutions serving the associations and Gosbank institutions at the location of production subdivisions). These accounts (within the limits of sums transferred by production associations) are used to issue payroll funds and funds for bonuses, grants and pensions.

When it is deemed expedient to open current accounts, production associations can transfer funds for the given purpose:

- through the post directly to personnel of production subdivisions;
- to the current account of a rayon production administration for the subsequent payment of wages, bonuses, grants and pensions to personnel of production subdivisions through the rayon production administration cashier.

The Gosbank institution that serves a production association should (pending the transfer of payroll funds for personnel of production subdivisions) check on the expenditure of payroll funds in that association based on information provided in the telegraphic or postal transfer order.

Specialization and cooperation within the system have the greatest impact on the accelerated development of rural consumer services only if there is a highly developed network of receiving centers everywhere, i. e., on each sovkhoz and kolkhoz irrespective of their distance from a rayon center and cities, only if there are properly functioning integrated receiving centers and consumer service centers. In order to make it easier for the urban and rural population to obtain consumer services, in 1981 alone the republic's cities and villages organized approximately 700 integrated receiving centers, 230 of which were in rural areas. Today, there are about 27,000 integrated receiving centers in operation and over 22,500 of them are in the countryside.

Performance indicators of integrated receiving centers have improved in recent years. In 1975, the average sales volume of consumer services per integrated receiving center was approximately 5,000 rubles; in 1977 -- 10,000 rubles; and in 1981 -- 16,000 rubles.

Working under the new consumer services management conditions, consumer service enterprises increased consumer services from 2.4 billion rubles in 1976 to 3.5 billion rubles in 1981; the sale of services per ruble of fixed capital increased from 2.82 rubles to 3.23 rubles and from 3.38 rubles to 3.52 rubles per ruble of working capital.

However, the reorganization of management of the consumer service sphere still has not eliminated many shortcomings in the work of the branch, a considerable number of enterprises still are not meeting their plan targets and the quality of service does not always meet the population's demands.

Not infrequently consumer service enterprises continue to produce small lots of goods not ordered in advance by the population even though this practice is detrimental to the population's interests. These goods do not always correspond to the demand with the result that they are stockpiled in enterprise warehouses.

The introduction of new forms of management of consumer services required the substantial restructuring of credit relations and the procedure for settling accounts with this branch of the national economy and confronted bank personnel at the local level with many new questions. The RSFSR Office of Gosbank is presently studying the experience of organizing economic work with consumer service enterprises under the new conditions of branch management and corresponding proposals will be made on the basis of the results.

M. F. Popov (chief, Administration for Crediting Local Industry, Transport and Communications of the Estonian Republic Office of Gosbank). The search for reserves for further increasing the production of consumer goods and consumer services and the use of all bank levers to promote the earliest possible use of these reserves in the economy are among the main directions of activity of Gosbank institutions with branches of local industry.

In the interests of securing the more complete satisfaction of the population's requirements for consumer goods and the improvement of their quality, we actively provide credit assistance to enterprises belonging to the ESSR Ministry of Local Industry.

Under the 10th Five-Year Plan, long-term credits were granted in excess of the limits on state capital investments in the sum of seven million rubles for the purpose of implementing 12 measures. These credits financed the purchase and installation of various kinds of highly efficient production equipment and flowlines in existing production areas (without new construction and without hiring additional manpower), which made it possible to produce 38.5 million rubles' worth of additional consumer goods ("Bio-Est" synthetic detergent, children's toys, hardware, paints, varnishes, and other products). The additional profit from the sale of these commodities amounted to 9.7 million rubles.

Objects were carefully screened and the most efficacious measures were accepted for crediting. The measures were carried out in less than a year and were recouped in 1-2 years. For example, credits granted to the "Polimer" Production Association of the ESSR Ministry of Local Industry for the purpose of increasing the production of buttons were recouped in less than a year (additional output per ruble of credit was 5.40 rubles and profit was 1.36 rubles).

We are also continuing this work in the current five-year plan period but on a larger scale. In 2 years (1981 and 1982), long-term credits in the amount of 8.1 million rubles were granted to enterprises belonging to the given

ministry for the implementation of 11 measures that will result in the production of 17 million rubles' worth of additional consumer goods (children's toys, household chemical products, perfumes and cosmetics, plastic products, and accessories for passenger cars) a year and in 5.1 million rubles in additional products. The recoupment period of these measures does not exceed 1.5-2 years.

It should be emphasized that these credits coupled with the increase in the volume of consumer goods production will resolve the problem of improving product quality and of economizing material and labor resources. For example, the credit granted to the "Polimer" production association so that it can organize the production of paper-base film wallpaper will make it possible to increase the volume of wallpaper production by 3.2 million m<sup>2</sup> (or by 2.5 million rubles) a year. This kind of wallpaper is more hygienic and attractive and lasts 2.5 times longer than conventional wallpaper; at the same time, less paper, colorings, other supplies and labor are involved in its production.

The "Norma" Production Association of the ESSR Ministry of Local Industry used credit to organize the production of a new type of car seat belt ("Norma-Stil") and to improve the quality of these belts at the same time.

Similar examples could be cited for other products that produced with the help of Gosbank credits. Gosbank credits also finance the development of new types of products (seat belts, safety helmets, plastic buttons, mechanical toys, etc.).

The active participation of credit and the improvement of the organization of the procedure for settling accounts have to a certain degree helped the ESSR Ministry of Local Industry to meet its targets in the last and current five-year plans. Every year, this ministry's enterprises update 25-30 percent of their consumer goods mix. The share of products bearing the Quality Emblem in overall output is in excess of 33 percent. Some types of products are exported. The quota for deliveries and sales of these products are also successfully met.

In practical work with the served clientele, much attention is presently devoted to the realization of objectives stemming from Decree No 612 of the CPSU Central Committee and USSR Council of Ministers dated 30 June 1981 which are also reflected in USSR Gosbank Order No 109 dated 13 August 1981. This work is for the most part characterized as follows.

In accordance with measures devised by the Gosbank office, economy measures were studied for served republic ministries and departments. In the interest of increasing the efficacy of work on the mobilization and more complete and effective utilization of all types of resources in ministries and departments, coordinating commissions staffed by ministry officials and headed by deputy ministers were created. In addition to providing guidance with regard to methods and to monitoring the course of fulfillment of decisions, the commissions hear reports by heads of subordinate enterprises or by ministry officials on work performed. It is specifically through these commissions that the office maintains operational contact with ministries (departments) in order to monitor the course of fulfillment of the decree referred to above.

Integrated programs devised by ministries for the conservation of all types of resources in 1981-1985 and up to the year 1990 make provision for consistent on such urgent economic questions as the norming of expenditures and reserves of raw material and supplies and the implementation of measures to curb losses in the transportation and storage process and the lowering of the materials-output ratio. Thus, the ESSR Ministry of Consumer Services calls for the creation of special collections of norms governing the expenditure of basic supplies and 47 compilations of methods on their introduction by republic consumer service enterprises. For example, the introduction of norms in color photography alone presupposes a 21 percent economy of materials. Under the 11th Five-Year Plan, the ESSR Ministry of Housing and Municipal Services in particular plans to introduce norms governing the expenditure of materials in the preventive maintenance of boiler equipment, in the current and capital repair of housing, river vessels, elevators and other objects.

In the ESSR Ministry of Local Industry and the ESSR Ministry of Consumer Services, the responsibility for providing guidance regarding methods and the coordination of work on introducing systems of technical and economic norms is assigned to norm departments specially created under the technological institutes of these ministries. It is planned to accelerate the introduction of the above-indicated norms at subordinate enterprises, to secure the more correct determination of the requirement for material resources and their economical utilization.

As Gosbank checks of these and other ministries revealed, the basic shortcoming of the measures developed by the ministries was the failure to consider the economic effect resulting from a given measure. In some cases, the measures did not embrace the question of reducing nonproductive expenditures and losses, inventories in excess of the norm and other economic factors. In view of this fact, the Gosbank office made concrete proposals to ministries on eliminating flaws in the measures.

In the process of analyzing the economic and financial activity of the ministries and departments served, we stepped up our attention to the fulfillment of quality indicators in the plan, to lowering the enterprise cost of products and services, to reducing the materials-output ratio, to using production waste to increase consumer goods production, etc. Analysis of the economic and financial performance of the ESSR Ministry of Local Industry in 1981 showed that even though the growth rates of commodity output exceeded the growth rate of material inputs by three points (106.7 and 103.7 percent) and the materials-output ratio on the whole declined by one point compared with 1980 (from 60.3 to 59.3 percent), there were nonetheless shortcomings in the expenditure of material resources in the form of overexpenditures of rolled aluminum (13.8 tons) and lumber (122 m<sup>3</sup>).

In March 1982, the Gosbank office reported these deficiencies to the republic Council of Ministers and submitted material to the Republic Interdepartmental Commission for the Economical and Rational Use of Resources, of which

I. P. Gryuner, deputy manager of the republic office of Gosbank, is a member. In May 1982, this commission examined the effort of the ESSR Ministry of Local Industry to make better and more economical use of materials. Gosbank's

proposals were taken into account in the decision making process and in making recommendations to this ministry. In particular, there was a detailed examination of the use of industrial waste by ministry enterprises which are the basis for concrete recommendations on its additional use in the production of consumer goods. This work produced definite results: in 9 months of 1982, output from waste amounted to 13.3 million rubles or 104.6 percent of the plan; in the first half of 1982, the reduction of losses due to defective production was by 8.2 percent compared with the plan while other nonproductive losses were reduced by 49.6 percent.

At the present time, more attention is paid to the strengthening of business contacts and to the increased coordination of actions between monitoring agencies. The republic has formed a council for coordinating checks conducted by the People's Control Committee and state agencies responsible for inter-departmental control. In October 1982, the Estonian Office of Gosbank took part in a check on the effectiveness of the activity of six enterprises of the ESSR Ministry of Local Industry regarding the realization of above-norm and unutilized inventories. At the same time, at these enterprises there have been checks conducted on individual questions concerning the observance of expenditure norms, conditions for storing basic supplies, etc. At the present time, the findings of checks are generalized and a corresponding decision is reached. These findings will be used in the elaboration of questions to be placed before the ministry and will be taken into account in the planning of credits for 1983.

Continuous monitoring of the state of inventories is one of the directions of the effort of the office and divisions of republic Gosbank to implement Decree No 612 of the CPSU Central Committee and USSR Council of Ministers. It should be noted that the bank's actions compel enterprises and their higher organizations to take measures to normalize their material economy. In 1982, enterprises belonging to the ESSR Ministry of Local Industry diverted large sums of working capital to above-plan inventories, which was reflected in the worsening of the financial status of these enterprises. Using the findings of local checks on the structure of inventories and other analytical materials and taking into account shortcomings discovered in material and technical supply in the process, during 1982 the Gosbank office submitted for the consideration of this ministry concrete proposals directed toward the future prevention and elimination of shortcomings. The need for the rastovarivanie of individual enterprises in conjunction with their financial state and payment discipline in June and August 1982 were examined at a meeting held in the Gosbank office which was attended by officials from the ESSR Ministry of Local Industry and its enterprises. Credit sanctions were invoked against two associations belonging to this ministry for stockpiling in excess of production requirements. As a result of additional measures taken by enterprises to rectify the material economy, on 1 October 1982 above-norm inventories not financed by bank credit declined to 1.8 million rubles or by 37.2 percent throughout the ministry as a whole and in the case of some enterprises such inventories were eliminated entirely.

The office and divisions of the republic's bank maintain a constant check on the ministries' fulfillment of targets for drawing material resources into economic circulation and take the fulfillment of this target into account

in credit planning and in crediting economic organs. However, it should be noted that this kind of check is hindered by the absence of quarterly ex post and ex ante data on the turnover time of working capital and the fulfillment of the established target for drawing material resources into economic circulation. In report data submitted to the bank, these data are cited only in reports submitted on 1 January and 1 July. Considering the timeliness of the question of economizing material resources and in the interest of improving the effectiveness of bank monitoring, in our view it is expedient to institute a report on the fulfillment of the target of drawing material resources into economic circulation as part of the quarterly accounting statistics.

Starting in 1981, statistics have been introduced on the fulfillment of targets for lowering norms governing the expenditure of materials on the production of the most important types of products. However, there is no provision for submitting these statistics to USSR Gosbank. A similar situation also exists with regard to statistics on the use of production waste.

A. F. Yemel'yanova (chief, Administration for Crediting Local Industry, Transport and Communications of the Latvian Republic of Gosbank). In accordance with the demands stemming from Decree No 695 of the CPSU Central Committee and the USSR Council of Ministers (dated 12 July 1979) on improving the economic mechanism, the republic has articulated a system of measures to secure the further improvement of the management of the economy with the aim of increasing the effectiveness of social production, the acceleration of scientific and technical progress and the growth of labor productivity. This system of measures envisages the introduction of new indicators for planning and evaluating the work of construction and construction-repair organizations and the complete conversion of contractors and clients to the practice of settling accounts for totally built, repaired and activated objects starting in 1981.

Beginning in 1981, the work of all repair and construction organizations belonging to the republic's Ministry of Municipal Services is evaluated on the basis of a new indicator -- the commodity output of construction. Since that time, accounts everywhere have been settled on the whole for the completed construction project and the practice of using Gosbank credit to pay advances to repair and construction organizations and to defray costs of production in progress was discontinued. Repair and construction organizations and Gosbank institutions have been operating under these conditions for two years and have amassed a certain amount of experience.

A large-scale preparatory work has been carried out in the republic in order to secure the successful fulfillment of the given decree. First, in 1979-1980, repair and construction organizations were again endowed with their own working capital in order that they might defray the cost of production work in process at the expense of the client. There was a need for coordination in the work of the Gosbank office, the republic Ministry of Finance, and the LiSSR Ministry of Municipal Services. I emphasize that the repair and construction organizations were once again endowed with their own capital since repair and construction organizations in our republic have already in the past been endowed with their own capital in one of several ways.

Repair and construction organizations first received their own working capital for defraying the cost of production work in process in 1964 up to the amount of 5000 rubles without intermediate payments. In 1970, the figure was raised to 10,000 rubles without intermediate payments; in 1973, the figure was raised to 50,000 rubles; appropriate amounts of working capital were also allocated. Beginning in 1981, it became the practice to settle accounts for completed projects irrespective of estimated value. Today, republic repair and construction organizations are assigned a norm of 15.9 million rubles in own working capital with which to defray the cost of production work in progress or 22 percent of the volume of the work, given a remainder of 32 million rubles in production work in progress (according to data as of 1 July 1982). As the sums involved in the settlement of accounts grow larger and intermediate payments are gradually eliminated, the amount of Gosbank credits increased. On 1 October 1982, credit-financed investments increased to 15.6 million rubles, the share of credit in forming working capital reached 28.4 percent. The clients' advances were completely replaced by credit.

Second, the Gosbank office directed all economists and chief bookkeepers to study normative documents published in fulfillment of the given decree.

In 1980 and the first quarter of 1981, the republic conducted seminars for personnel of Gosbank institutions, financial agencies, repair and construction organizations and their clients. Seminars were conducted jointly by Gosbank, the LiSSR Ministry of Finance and the LiSSR Ministry of Municipal Services. Seminars were conducted before the adoption of the new terms for settling accounts and after a half year of operation under these conditions.

Third, the republic Ministry of Housing and Municipal Services re-calculated estimate documentation for the construction output indicator.

Analysis of the results of introducing the practice of settling accounts for construction output and of crediting the repair and construction organizations' costs of production work in progress shows that under such a procedure there are improvements in the interrelations between the contractor and the client and in their work indicators, and that there is a higher degree of concentration of labor power and material resources.

At the same time, the new operating conditions of repair and construction organizations and the establishment of a system for settling accounts on the basis of construction output have more clearly revealed the shortcomings that exist in the work of local contractors. The most typical of these shortcomings: the continuing practice of incorporating in the work plans projects that are not entirely provided with the appropriate design data, cost estimates and sources of financing; the frequent practice of gor(ray)ispol-koms of including in the work plans of repair and construction organizations new projects (even though complete financing is not available) in order to complete projects already in progress, as a result of which the capital repair of facilities is drawn out; the performance of work on unplanned projects with the result that work on planned projects is protracted and work deadlines are not met. All this leads to the worsening of payment discipline indicators and to the growth of defaulted payments to Gosbank and suppliers.



The office summarized the experience of settling accounts for the completed project and republic Gosplan has been informed of the results. Questions associated with the inclusion of incompletely financed projects in plans and with the violation of work deadlines have been examined at sessions of ispolkoms of Soviets of People's Deputies and by collegia of the republic Ministry of Housing and Municipal Services.

In the process of crediting the cost of production work in progress, a number of questions arise which in our view should be given additional consideration. Under the new procedure for settling accounts, funds received from clients for totally completed enterprises, complexes of works and projects are used directly to pay off loans used to defray the cost of production in progress. We believe that it should be stated that if the reservation of funds is declared and if the date for issuing payroll funds is due, then funds received from the client may be paid into a current account (in an amount equal to the payroll).

There is one more question. We have difficulty obtaining confirmation from Gosbank institutions regarding small projects that have been included in the plan and accepted for financing (Appendix No 3 to Letter No 285). Perhaps the question of exempting small projects from such confirmation should be considered.

R. Yu. Strumskis (chief, Administration for Crediting Local Industry, Transport and Communications, Lithuan Republic Office of Gosbank). I would like to discuss the effort of local industry enterprises to reduce inventory in accordance with Decree No 612 of the CPSU Central Committee and USSR Council of Ministers dated 30 June 1981. In order to keep a check on the state of above-norm inventories and to take prompt action to reduce them, our administrations collect data on above-norm inventories on the basis of quarterly statistics for ministries and departments as well as for each individual enterprise.

A certain amount of work is being done in the republic to reduce above-norm inventories. However, in most branches of local industry and especially in the Ministry of Municipal Services, we have not succeeded in seeing to it that the growth rates of normed working capital would correspond to the growth rates of production or of municipal and other services. One of the reasons for this is that the Ministry's supply service does not keep an effective check on incoming shipments of stocks by local municipal service organizations.

The absence of appropriate centralized control is that enterprises receive shipments of stocks without regard to their long-term requirement for them. For the reasons indicated above, above-norm uncredited reserves of material stocks throughout the LiSSR Ministry of Municipal Services reached nine million rubles in 1982. The diversion of funds from economic circulation to above-norm reserves of material stocks is for the most part covered by payment credits and therefore in our view it is expedient -- in the process of granting credit for above-norm inventories of material stocks -- to use it to repay payment credit.

Fuel offices are actively using payment credit. Taking into account the fact that these offices are sales organizations (in the classification of branches of the national economy) and comprise a balance based on the form of supply organizations, it would be expedient to examine the question of converting them to crediting on the basis of trade turnover in accordance with Instruction No 4. This will make it possible to eliminate the constant issuance of payment credit to them since credit based on trade turnover is a source for covering actual reserves of fuel except for the norms that comprise a 32-day reserve.

In the interest of keeping a closer check on the state of reserves of material stocks shipped in on a one-time basis, Gosbank should more widely offer credit to cover temporary needs or to cover other types of credit so that payment credit would not serve a constant source for covering above-norm inventories.

There is still a large volume of production in progress in repair and construction organizations of the republic's Ministry of Municipal Services. We have not eliminated instances in which work is performed on unplanned projects, on projects lacking documentation and sources of financing; some projects are not put into operation within the specified period. In a number of cases, the activation of projects is postponed by higher echelon organizations sometimes in violation of repair and construction and repair deadlines owing to delays in allocating the necessary construction materials.

With the aim of preventing the performance of work on unplanned projects and of preventing the buildup of illegitimate expenditures on production in progress in repair and construction organizations, at the beginning of each year, the Gosbank office enlists the aid of all Gosbank divisions in checking to ensure the correctness of compilation of programs for contractor-performed work. Gosbank demands that the republic's Ministry of Municipal Services exclude from the program projects that violate the established rules for financing capital investments. In the event work is subsequently performed on these projects, measures indicated in Order No 39 of USSR Gosbank dated 15 April 1981 and in other orders of the Gosbank Board.

N. T. Svinarchuk (chief, Administration for Crediting Local Industry, Ukrainian Republic Office of Gosbank). In the 10th Five-Year Plan, republic consumer services personnel scored certain successes in strengthening the material and technical base of the branch, in increasing the volume of services and in raising the level of service to the population. Between 1976 and 1980, the sales volume of consumer services throughout the UkSSR Ministry of Consumer Services increased by 36.7 percent. Rental services, the volume of which increased 2.5 fold, developed at a rapid rate. The average annual growth rate of rental stock of Ukrbytradiotekhnika [expansion not given] was 15 percent during the 10th Five-Year Plan and was 17 percent during 2 years of the current five-year plan. At the present time, the rental stock of the Ukrbytradiotekhnika system numbers 266,000 units.

To a considerable degree, the growth of services rendered by rental centers was promoted by bank credit which formed 32 percent of their working capital. During the 10th Five-Year Plan and in 1981, credits in the amount of 50.5

million rubles were granted for the acquisition of rental items. It should be noted that in the planning of credits, we consider that the rate of credit investments in rental items did not exceed the growth rate of the volume of these services.

The present procedure for renting television and radios does not always ensure the timely return of rental items. The result is that enterprises belonging to Ukrbytradiotekhnika bear indebtedness for unreturned rental items. It seems feasible to examine the possibility of crediting for a certain period of time the indicated rental items that are notarially endorsed (by analogy with the procedure existing in trade organizations in the sale of goods to the population on credit). At the same time, in order to secure the more correct planning of credit for items that are rented out for a period up to 3 years, it was considered necessary to supplement Instruction No 1 with an approximate calculation of the cancellation of credit for rental items, that would be submitted by the economic organ to the Gosbank institution.

The crediting of measures to expand the network of movie theaters is an important sector of the bank's activity. In 1980 and 1981, Gosbank credit financed the construction and activation of 14 republic movie theaters with accommodations for 7800 viewers and from the beginning of crediting (1956) has financed the construction of 1100 movie theaters. The increase in the size of the network of movie theaters has made it possible to improve services to the population substantially and has also increased Gosbank's cash receipts from movie theaters.

In 1982, 23 movie theaters, including 14 near completion, were under construction in the republic. "Kiyevskaya Rus'," one of the largest wide-screen movie theaters (with 1900 seats) in the Ukraine, has been in operation in Kiev since 1982. The opening of the theater was scheduled to coincide with Kiev's 1500th anniversary.

At the same time, it must be noted that there are shortcomings in the construction of the network of movie theaters and in the use of Gosbank credit for this purpose. Contractors are assigned the construction of movie theaters late (in April or May) as an additional target without regard to the allocation of the appropriate material resources which has a negative impact on the effort to put these theaters into operation on schedule.

Thus in 1982 the construction of a number of movie theaters lagged significantly behind schedule. Every year some of the movie theaters are put into operation with the construction schedule being violated 2 or more months. As a result of the failure to put newly built movie theaters into operation on schedule, the quota for gross cash receipts is not met and indebtedness to the bank is repaid not from theater earnings but from budget funds.

Delay in the construction of movie theaters leads to the considerable underutilization of credits allocated for that purpose. On 1 January 1981, 44.3 percent of the credit earmarked for the construction of republic movie theaters was utilized; on 1 January 1982 -- 83 percent.

In view of the foregoing, it seems expedient to examine the question of including the bank-financed construction of movie theaters in the planned volume of contractors and the centralized allocation of material resources.

Gosbank institutions in the republic are devoting a great deal of attention to monitoring economic organs' fulfillment of Decree No 612 of the CPSU Central Committee and the USSR Council of Ministers dated 30 June 1981: indicators characterizing the economy of material resources; the crediting process takes into account the fulfillment of targets pertaining to the mobilization of internal economic resources; economic work pertaining to the analysis of economic and financial activity has been reorganized. Many heads of Gosbank institutions are members of interdepartmental commissions of ispolkoms that examine the rational use of material and other resources.

At the same time, certain difficulties arise in the process of conducting this work with branches of local industry. For example, we do not compile statistics on the observance of norms governing the expenditure of raw materials by ministries of republic subordination and this hinders the work of the credit apparatus.

Enterprises belonging to branches of local industry are supplied by departmental supply organizations. The question of accumulating and utilizing redundant materials at these enterprises is just as urgent as it is for economic organizations that are supplied by USSR Gosplan. However this question was not reflected in the joint orders issued on 29 April 1982 by USSR Gosplan, USSR Gosbank and USSR Stroybank.

One would like to know how it is resolved in other republics. We, for example, are examining the possibility of Gosbank institutions to inform corresponding branch snabs regarding the accumulation of redundant reserves of stocks in local enterprises and organizations in the interest of redistributing reserves. In our view, the mechanism for bringing economic pressure to bear on enterprises that accumulate stocks as a result of the nonfulfillment of targets for mobilizing internal economic resources has not been developed to the fullest. Practice shows that the reduction of credit financing of remainders is not always effective since it can be replaced by other types of credit: payment credit, payroll credit.

N. M. Abuzdina (chief, Administration for Crediting Local Industry, Transport and Communications, Kazakh Republic Office of Gosbank). In recent years, the republic has made an active effort to concentrate and specialize production in the area of consumer services. In 5 years, about 700 small shops have been eliminated and replaced by rural consumer service centers or integrated receiving centers. In all oblasts today, there are specialized enterprises that make footwear to order or repair footwear, dry cleaning and dyeing enterprises. In 50 rayons there are enterprises that specialize in the production and repair of furniture, knitted goods and that specialize in photographic works.

As a result of specialization and cooperation, there was an increase in the volume of services rendered by consumer service enterprises and a decline in the cost of performing services, which in turn contributed to the lowering

of the enterprise cost of production and to the growth of profitability. Labor productivity increased by 24.4 percent during the 10th Five-Year Plan, as a result of which 64 percent of the total increase in the volume of services was due to the growth of that indicator. The sales volume of services in the ministry as a whole increased 1.4 fold during the 10th Five-Year Plan; in rural areas, the increase was 1.5 fold.

At the same time, notwithstanding the improvement of production indicators, in the system of consumer services the indicators of utilization of resources in economic circulation deteriorated, and significant amounts of these resources were diverted to pay debts and to finance above-norm stocks of finished products. While on 1 January 1976, the ministry's overall indebtedness was 5.6 million rubles, on 1 January 1982 this figure was 7.4 million and on 1 July 1982 -- 9.2 million rubles. The deterioration of discipline in settling accounts was chiefly due to violations committed by consumer service enterprises in organizing the settlement of accounts in cooperation within the system. Checks by Gosbank institutions show that these enterprises are not entirely fulfilling the demands of the instruction of the KaSSR Ministry of Consumer Services "On the Procedure for Planning and Evaluating Activity and On Interrelations of Consumer Service Enterprises Performing Work and Services on a Cooperative Basis Within the System."

In particular, contracts on the annual sum of services to be rendered on cooperative basis are not always concluded between specialized enterprises and raybytkombinaty [rayon consumer service combines]. Thus, contracts were not concluded by consumer service enterprises in Semipalatinsk Oblast (with the exception of the Factory im. Krupskaya, which has a contract with a raybytkombinat to deliver sewn goods).

Nor is the established form for settling accounts observed. According to this instruction, as raybytkombinaty receive earnings they must daily transfer them to the accounts of specialized enterprises. Nonetheless, specialized enterprises in Kustanay, Semipalatinsk and Karaganda Oblasts present payment demands for goods shipped. There are also substantial delays in submitting bills for payment. For example, the Factory im. Krupskaya of the Semipalatinsk Oblast Administration of Consumer Services submits bills for payment one month from the day the goods are shipped to raybytkombinaty (after receiving reports from the latter on the sale of products). The Repair and Construction Administration of the Pavlodar Oblast Administration of Consumer Services also settles accounts with raybytkombinaty by submitting bills which the latter pay 20-40 days after the services are rendered.

In East Kazakhstan Oblast, accounts between raybytkombinaty and specialized enterprises are settled with drafts for items actually sold but the deadlines for transferring funds to the current accounts of enterprises are not observed. Thus, in East Kazakhstan Oblast, in most cases (80 percent) the funds are transferred once every 5 days and in other cases -- once every 10 days (20 percent). When funds are not forthcoming from clients, specialized enterprises submit demands for payment to raybytkombinaty.

Not until July did the Zhelezinskiy, Irtyshtskiy, Mayskiy and Chidertinskiy raybytkombinaty pay the Pavlodar "Oblbytradiotekhnika" Association for work performed in May. As a result, this association's debt level increased significantly between 1 January and 1 July 1982. Kustanay Oblast enterprises are faced with a similar situation.

As a result of the indicated violations, funds in the accounts of raybytkombinaty lie idle. The debt level of specialized enterprises surveyed by Gosbank institutions was 2.1 million rubles on 1 July 1982. Of this amount, 1.5 million rubles were for works and services performed on a cooperative basis within the system; this is 70.9 percent of the total (moreover among some specialized enterprises, this indebtedness amounted to 98 percent of the overall sum).

Checks show that proceeds from the sale of services to the population by integrated receiving centers and raybytkombinaty are not always deposited in Gosbank completely and on time. Thus, the Mayskiy Raybytkombinat in Pavlodar Oblast spends some of the proceeds locally for its own needs.

It is found that some enterprises incorrectly show indebtedness on their balance sheets and strike a balance by juggling debits and credits. This has in particular been the practice of the Semiozernyy and Kamyshinskiy raybytkombinaty in Kustanay Oblast and of the Urdzharskiy and Kokpektinskiy raybytkombinaty in Semipalatinsk Oblast.

It sometimes happens that specialized enterprises produce goods in response to orders from raybytkombinaty which are not ordered in advance by the population, which results in the production of slow-moving goods. Enterprises belonging to the Semipalatinsk Oblast Administration for Consumer Services had an inventory of finished goods valued at 195,000 rubles, including knitted goods (51,000 rubles); footwear (31,500 rubles); metalware (34,800 rubles); and furniture (54,800 rubles). In most cases, all these products were manufactured in 1981-1982 without having been ordered by the population and are losing their marketability.

Consumer service enterprises divert funds to reduce their indebtedness and to finance above-norm inventories of finished products. As a result, they experience financial difficulty, default on bank loans and are late in paying their suppliers. Consumer service enterprises continuously use payment credit to pay for incoming shipments. What is more, 53 percent of their payment credit debt is in the form of loans granted for a period longer than 60 days. Higher interest is charged on these loans and this leads to higher nonproductive costs.

Such a situation regarding the use of working capital became possible only as a result of the relaxation of control both by the ministry and by oblast administrations over the activity of subordinate enterprises. Even though the instruction of the republic Ministry of Consumer Services authorizes oblast consumer service administrations to exclude from their sales volume services for which funds have not been transferred, this measure has not been applied to a single raybytkombinat or specialized enterprise.

O. G. Filippova (chief, Administration for Crediting Local Industry, Transport and Communications, Kirghiz Republic Office of Gosbank). Enterprises and organizations in branches of local industry are slated to play a significant role in the fulfillment of the broad program of economic and social development outlined for the 11th Five-Year Plan and the 1980's.

Local industry and consumer services must use more local sources of raw materials and thereby increase the output of manufactured goods significantly; must make significantly more complete use of existing production potential to expand the mix and increase the volume of production of consumer durables; must increase the availability of all types of services to the population everywhere; must improve services; and must raise the quality of work performed.

The KiSSR Ministry of Local Industry incorporates 27 associations and enterprises that produce more than 90 different products. The product sales plan was fulfilled by 104.2 percent for the first half of 1982. Product sales volume increased by 9.8 percent compared with the corresponding period in 1981. During this period, the sales volume of products made from waste and local raw materials increased by 20 percent. The consumer goods production plan was correspondingly fulfilled by 103.3 percent.

The KiSSR Ministry of Consumer Services increased the growth of consumer services by four percent in the first half of 1982. Ministry enterprises have introduced many new types of consumer services: the fabrication of silver products; the manufacture of entrance hall furniture; the production of buttons from waste leather goods, etc. In all, the republic's population now enjoys 520 types of consumer services.

New models of clothing, footwear, furniture and headgear are actively developed and introduced. Progressive technological measures that produce a major economic effect are being implemented. They include: the production of lightweight double-rib knit fabrics; the production of women's unlined shoes; the production of brass trim for these shoes; the production of women's summer shoes using shaped soles made from synthetic materials; the use of top grade finishing for furniture, etc.

In the development of local industry and consumer services, a large part belongs to bank credit. Total credit-based investment in branches of local industry exceeds 37 million rubles. In the process of crediting local industry enterprises, there occasionally arise questions that require additional examination. Thus, there are always above-norm reserves of raw materials and basic supplies on the balances of enterprises that employ outworkers. However, the crediting of these items in full measure is not possible since some of them are not in the warehouse but have been distributed to the outworkers. For these reasons, enterprises that employ outworkers experience financial difficulties. In our view, it is expedient to examine the question of changing the terms of crediting these items in the case of these enterprises.

In connection with the conversion of repair and construction organizations belonging to the republic Ministry of Housing and Municipal Services to the procedure for settling accounts on the basis of the estimated cost of construction output,

the procedure and terms of crediting these organizations' production in progress were changed. It is not enough that this procedure is very complex and requires the clients to submit a considerable quantity of information and forms, we also have difficulty charging interest for credit depending on the time it takes to put projects into operation. It is easier to resolve this question in the case of construction contractors. In the case of repair organizations in which the objects are numerous and their cost is negligible, and financing is provided from different accounts (budget, special, current), it is difficult to monitor the accumulation of funds from clients and the time in which the work was performed.

G. P. Kukhorenko (deputy chief, Administration for Crediting Local Industry, Transport and Communications, Belorussian Republic Office of Gosbank). The improvement of the structure of production management in the consumer service system is directed toward securing the more complete satisfaction of the population's growing requirement for paid services. Our republic's Ministry of Consumer Services had conducted and is presently conducting appropriate work in this direction.

The basic trends and directions in the specialization of consumer service enterprises have now been determined. This is functional specialization which is manifested in the separation of the sphere of performance of consumer services from the sphere of organization of consumer services and branch specialization which is directed toward the creation of specialized associations and enterprises for branch groups of consumer services.

The higher level of specialization in the performance and sale of consumer services and the development of cooperation within the system has generated significant changes in the system for receiving and collecting orders and has raised the question of modifying the organizational and management of consumer services in the administrative regions, functions and content of rayon enterprises. These changes are based on the creation of RPU's (rayon production administrations) on the basis of rayon consumer service combines. RPU's incorporate integrated receiving centers and mobile receiving centers. The organization of consumer services in an administrative rayon, the acceptance of orders for all types of consumer services, the communication of these orders to specialized associations and enterprises for their execution, the issuance of completed orders, and the filling of orders for certain types of consumer services in RPU subdivisions are the subject of RPU activity.

As an experiment, our republic established 34 RPU's, including 17 in Grodno Oblast and 14 in Gomel Oblast. The ministry recognized the work of the Grodno Oblast Administration to be more effective following the creation of the RPU's. Suffice it to say that the annual growth rate of consumer services in this area is one or two percent higher than the republic average.

The new organizational structure of management of consumer services necessitated a different procedure for settling accounts. In this regard, we were guided by appropriate instructions of the Gosbank Board. At the same time, our republic still has not developed a uniform procedure for settling accounts in connection with existing objections by the ministry. For this reason,



accounts between RPU's and specialized enterprises involved in the cooperative system are settled by depositing the proceeds to the current account of the RPU for subsequent transfer to the current account of the specialized enterprise; in a number of cases, this may take the form of a deposit to the association's subaccount at the site of its production unit.

Specifically what is impeding the introduction of the procedure recommended by the Board of Gosbank for settling accounts following the establishment of RPU's? Based on the results of studying the real state of affairs at the local level in the republic, I would like to discuss individual questions which in our view require additional clarification. As we know, a specialized enterprise or association forwards completed orders as well as items produced in small lots to an RPU receiving and dispatching center from where these orders and items are sent to an integrated receiving center, many of which are situated in rural areas. This situation creates a discontinuity from the moment a small lot is shipped or a filled order is forwarded to the time funds are deposited to the account of a specialized enterprise (in our republic, this takes approximately 5-6 days). This time gap creates prerequisites for the formation of financial difficulties and yet the association must continue the production process. For this reason, the specialized enterprise must have additional capital in circulation, the source of which has not yet been defined. In the given instance, we consider it expedient to examine the possibility of crediting the in-transit funds of specialized enterprises.

The next significant detail. The fee for certain types of services (repair of knitted goods, footwear, household appliances, furniture; film processing; laundry) is collected at the time an order is accepted. Under these conditions, it is difficult to distribute the proceeds received by the association in specified directions.

The procedure for settling accounts following the creation of the RPU is new and therefore if the given mechanism is to increase the effectiveness of consumer services to the maximum, it will have to be studied further and improved in practice in combination with other questions pertaining to financial and economic performance.

Z. S. Aleksandrova (department chief, Administration for Crediting Local Industry, Gosbank Board). In connection with questions raised at the given meeting and demands expressed by Gosbank institutions, I would like to offer recommendations and clarifications on a number of questions arising in the course of credit services and the settlement of accounts in branches of local industry.

1, In order to carry out the broad program outlined for the economic and social development of the nation under the 11th Five-Year Plan and in the 1980's, we must draw vast material resources into production. Under these conditions, it is important to study the factors underlying the formation of above-plan inventories, to make higher demands on enterprises to draw these reserves into economic circulation, and to secure the credit-financing of enterprise stocks in good time and on a legal basis.

At the same time, it is necessary to bear the following in mind. Local industry enterprises are credited under a general procedure that is established for industry. It is also necessary to consider the conditions under which they are supplied. Generally speaking, deliveries to enterprises in this branch are in large, uneven lots. What is more, owing to the incomplete supply of raw materials on a planned basis, local industry purchases a substantial percentage of them on a decentralized basis and enters into one-time transactions. Accordingly, out-of-season raw materials, supplies, fuels and packaging that accumulate at local industry enterprises as a result of uneven, ahead-of-schedule deliveries and one-time purchases are credited. Consumer service enterprises are granted credit to cover above-norm stocks of raw materials, basic and auxiliary supplies that are purchased in order to create reserves in the required mix in order to satisfy the demands of individual clients to the fullest.

It must also be remembered that consumer service enterprises may stock spare parts for old household appliances and that these parts may be expended in small quantities and at very infrequent intervals. Under existing regulations, such stocks may not be credited even though they are needed in the consumer service sphere.

On the basis of an agreement with USSR Gosbank and with the consent of the USSR Ministry of Finance, the RSFSR Ministry of Consumer Services authorized its enterprises to keep a separate account in its analytical tally of spare parts that industry has taken out of production and separated an individual norm for own working capital for this purpose from the general norm for raw materials, basic supplies and purchased semimanufactures. Data on the dimensions of such spare parts and on the norm in the balances of enterprises, administrations and ministries are shown in the appendix to the balance on the basis of forms 2-kv and No 2 (annual) in section 4: "Decoding other items of the balance." In the process of crediting service enterprises, stocks and norms should be reduced by the sum of the indicated spare parts and norms for the latter which are shown in these appendices. Thus, the fact that enterprises have spare parts for old instruments should not affect the credit-financing of other stocks.

Gosbank offices in other union republics should recommend that ministries of consumer services coordinate such a procedure for keeping track of spare parts with the finance ministries of union republics.

2. In accordance with Paragraphs 13 and 14 of Gosbank Instruction No 1, crediting takes into account indebtedness relating to credited stocks and when for some objects of crediting, indebtedness and the norm exceed the inventory, the above-norm paid remainder for other objects of crediting is reduced by the sum of this excess (and by the sum of underfulfilled norms for uncredited items). At consumer service enterprises, the above-norm paid remainder of credited stocks should be reduced by total indebtedness in the form of advances obtained from clients (above and beyond sums adopted as stable liabilities in the financial plan) irrespective of the purpose of these advances. Thus, for example, in the case of custom sewing factories, advances from the population are received only for the cost of the work,

1. e., are related to incomplete production and the finished product. Under the existing regulations, the customer pays the price of the fabric in full. But in the process of crediting raw materials and supplies, these advances (in excess of sums of stable liabilities) must be counted in full even though the credit is granted not for finished products and incomplete production, but for production reserves.

3. In accordance with existing regulations, if a supplier defaults on goods or services paid for in advance by the customer at the demand or with the consent of the supplier, the enterprises that are to blame for not shipping the goods or performing the services within 3 days after receipt of advance payment must pay a fine in the amount of five percent of the sum of the indebtedness. It should be borne in mind that the given regulations extend to consumer service enterprises only in the case of services that are rendered to enterprises and organizations. These regulations do not extend to services rendered to the population since the civil codes of union republics, ratified by the Supreme Soviets of these republics, specify that advances are to be collected from the population when such orders are placed.

4. The procedure for crediting consumer service enterprises for the acquisition of rental items is redefined in Supplements No 2 and No 3 to Gosbank Instruction No 1. Supplement No 3 (Letter No 359 from the Gosbank Board dated 16 March 1981) states in particular that in addition to verifying the security of these credits (which is done twice a month on the basis of data of economic organizations and once a month on the basis of the balance, and in the case of economic organizations that submit ex post balances on schedule -- only on the basis of the balance) the purpose for which they are used is verified on a monthly basis.

In the process of verifying the security of credits used to acquire rental items, it should be borne in mind that in keeping with Paragraph 14 of Instruction No 1, the security for this credit is not reduced by the sum of the unfulfilled norm or by indebtedness in other items of the balance. In order to check to see to it that the credit is used for its intended purpose, the sum of the loan that is granted for a month is compared with the sum of increase in the remainder of rental items during this time based on balance sheet cost minus depreciation. In republics where rental items are carried in their residual value on the balance sheets of consumer service enterprises and depreciation is not shown on the balance sheets, the verification of the proper use of credit and security should be based on the value indicated for rental objects on the balance sheets.

The question arises: what should be done when as a result of depreciation loans for rental items are no longer secured? Under the existing methodology of accounting, the balance-sheet value of rental items is reduced practically by the sum of depreciation that is calculated as a set percentage of proceeds but is not used for the capital or medium repair or total restoration of a rental item. Thus funds that are earmarked for depreciation but that are not used for their intended purpose circulate at the enterprise and hence credit granted for this purpose should be withdrawn.

5. Instruction No 2 states that drafts offered in preliminary payment for goods are accepted only if the account contains sufficient funds for the payment and only if it is possible to ship (receive) a commodity within 3 days. This regulation does not extend in full measure to rental items.

According to the instruction on retail trade accounting, the sale of consumer durables from the trade network to enterprises that will offer them for rent is included in small-scale wholesale circulation while according to the Rules Governing the Sale of Market Stocks in Wholesale Trade (paragraph 17), commodities are released in small-scale wholesale trade only after they have been paid for with drafts and after the receipt of the commodities has been acknowledged (there is a reference on this point in item "g" of Paragraph 191 of Instruction No 2).

Credit for rental items can be used in preliminary payment for these commodities. However Gosbank institutions should check to see to it that rules governing preliminary payment for goods are not violated and that in the event of the regular failure to ship paid-for goods within a period of 3 days, no further loans are to be granted .

6. In connection with the increase in the size of the average pawn, many pawnshops are experiencing a need for bank credit in excess of the established crediting norm. Under the existing regulation, credit should not exceed 70 percent of the balance of the population's indebtedness in pawn-loan operations and the overfulfillment of the plan is not covered by bank credit. Accordingly, bank institutions are not authorized to increase credit in excess of this norm.

Supplement No 3 to Gosbank Instruction No 1 altered the form for calculating the credit requirement for pawn-loan operations. The previously operative form is now applied in the planning of credits. In order to obtain credit that is disbursed in the course of the quarter, a pawnshop submits an estimate based on the new form once a quarter. Here it should be remembered that pawnshops are not assigned a quota for pawn-loan operations; this quota is determined by the pawnshop manager on the basis of the income target assigned to him, the actual number of pawn transactions over a number of years, the average size of loans and loan repayment. In the given estimate, data on the number and average size of pawns are indicated based on the quota that is ratified by the pawnshop proper. The balance of the population's loan indebtedness at the end of the quarter according to the financial plan is shown on line 5 of the estimate. But, practically speaking, this indicator is not contained in the financial plans. Accordingly, the pawnshop should be required to estimate this indebtedness and to list it on line 5 of the estimate.

According to Supplement No 3 to Gosbank Instruction No 1, when verifying the use of credit for pawn-loan operations of pawnshops, the sum of indebtedness to the bank should be compared with the sum of pawnshop loans to the population for pawned items and the balance on the current account and the cash balance (based on the ex post balance) reduced by the norm for own working capital for these operations and by the sum that is due pawnshop clients from the sale of items not redeemed by them and the sum of claims

against the population for unredeemed items not accepted for sale by trade. If funds are allocated for these purposes in the form of stable liabilities, then in the process of verifying the use of credit for its intended purpose, the sums that are due to pawnshop clients and the sum of claims are considered in excess of the sums indicated in the stable liabilities.

7. Nine union republics have created a new form of organization for the management of consumer services in the countryside. At the local level, they have formed RPU's and integrated receiving centers that maintain cooperative production ties with production associations and specialized consumer service enterprises. In August 1981, republic offices of Gosbank received instructions on operations involving the accounts of consumer service enterprises with the advent of the RPU's. These instructions envisaged three procedures for issuing payroll funds to production subdivisions situated on the territory of RPU's and three procedures for computing the proceeds of integrated receiving centers.

Practice shows that there are frequently delays in transferring the proceeds of integrated receiving centers. Bank offices must monitor the state of these transactions and, in the event of systematic delays in transferring proceeds, must convert the RPU to a stricter procedure regarding the calculation of the proceeds of integrated receiving centers as indicated in the aforementioned letter.

In order to spare consumer service associations and specialized enterprises financial difficulty owing to delays in receiving proceeds -- in addition to monitoring their timely payment and their transfer by rayon production administrations -- it is also necessary to fix the loan repayment period for inventory loans granted to these enterprises to coincide with the schedule and practice for transferring the proceeds to their current accounts.

Some Gosbank institutions propose that consumer service enterprises be allowed to use in-transit proceeds as security for credit (by analogy with trade organizations). It is impossible to accept this proposal for the following reasons. The in-transit funds of trade organizations are accepted as security for loans that are granted for commodities that are credited on the basis of trade turnover; these organizations' proceeds are paid into a special loan account. In the case of consumer service enterprises, goods and services are not the object of crediting. Accordingly, money not yet received for services by specialized enterprises (irrespective of whether it is in transit or is deposited in subaccounts) cannot be the object of crediting.

S. P. Artem'yev. Today's discussion has shown that bank personnel responsible for providing credit services to branches of local industry must resolve many important problems under the 11th Five-Year Plan. In the process of summarizing the foregoing, we must identify the following directions in the work of Gosbank institutions with enterprises belonging to branches of local industry. This means first and foremost active participation in the further improvement of structure and management in branches of local industry, especially in the realm of consumer services (taking into account

the need to bring about a significant improvement in the organization of services provided to the rural population). We should also use credit and transactional measures more decisively to improve the quality of output and to meet contractual commitments regarding product mix and the delivery of products within specified time limits and in the process should interact with organs of the State Committee for Standards and the Main Administration of the State Inspectorate for the Quality of Goods and Trade.

We must do our utmost to see to it that local industry will work more effectively to supply the market with consumer goods and agricultural implements and will use local raw materials and production waste more completely in the process. It is becoming increasingly important to develop proposals on increasing the volume of consumer goods and paid services in view of the demands stemming from the decisions of the November (1982) Plenum of the CPSU Central Committee, the Seventh Session of the USSR Supreme Soviet (10th Convocation), and the increasingly urgent task of increasing the production and improving the quality of consumer goods and services.

More attention should be devoted to bringing more economic pressure to bear on the economy in order to eliminate and prevent the formation of above-plan inventories, to increasing the number of checks made at enterprises with the aim of bringing to light redundant and unnecessary commodity stocks. At the same time, together with higher Gosplan organizations and organs, we must take effective measures to redistribute or sell them.

Economic work with branches of local industry must be strictly coordinated with the fulfillment of credit and cash plans, the improved structure of credit-financed investments, the more effective use of economic measures by the bank, the closer monitoring of the security backing for credit, with the use of payroll funds, and with the strengthening of contractual and payment discipline.

In conclusion, I wish to emphasize that all proposals made at the present meeting will be carefully examined by the administration for crediting local industry and will be reported to the Board of Gosbank.

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## CONSUMPTION TRENDS AND POLICIES

### TRADE TURNOVER GOALS FOR 1983 OUTLINED

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[Text] Yu. V. Andropov, general secretary of the CPSU Central Committee, said in his speech at the November (1982) Plenum of the party's Central Committee: "A steady upsurge of the economy and improvement of the well-being of the people--that is our duty to the Soviet people and our international duty." The State Plan for the USSR's Economic and Social Development in 1983, which was approved by that plenum of the CPSU Central Committee and adopted by the 7th Session of the USSR Supreme Soviet (9th Convocation) as a law, represents a step further in the successive accomplishment of our party's long-range policy to increase the prosperity of the Soviet people. The real income of the Soviet people will increase 3 percent this year. More than 2 billion rubles are to be set aside just for measures to increase remuneration of labor. As in the past, sizable resources are being allocated to increasing social consumption funds. In 1983 they will increase 4.7 percent. A steady growth of social production and a rise in production efficiency will serve as the economic basis for carrying out the measures which have been outlined. The volume of industrial output will increase 3.2 percent over the year, and at the same time production of consumer goods will grow at faster than average rates. The country's national income will increase 3.3 percent.

The plan calls for stepping up the growth rate of the most important indicator of economic development and of the growth of consumption by the people--retail commodity sales, whose volume this year is to increase 6.4 percent according to the plan and to reach a level of 314.6 billion rubles. In addition, an additional target has been set in the amount of 3 billion rubles; when that is taken into account, the growth of commodity sales will be 7.4 percent.

The growth of commodity sales has been projected at 10.3 percent higher than the country as a whole in GSSR, 10.0 percent higher in ArSSR, 9.6 percent higher in AzSSR, 8.3 percent higher in TuSSR, and 7.1 percent higher in UzSSR and TaSSR. The reason for this is the high rate of population growth and of economic and cultural development in those republics. Per capita retail commodity sales will also increase faster in rural localities as a whole. By the end of this year per capita commodity sales in the country as a whole will reach a level of 1,156 rubles.

We should note that beginning in 1983 the procedure for planning retail commodity sales has been changed somewhat. Now the plan for commodity sales in the country as a whole will also include the volume of farm products sold by consumer cooperative stores and purchased at negotiated prices or sold on commission. Previously the plans for sales of those products were assigned separately in the union republics.

The change in the procedure for planning and recording commodity sales is aimed at increasing the motivation of consumer cooperative organizations in expanding purchases of milk, meat and dairy products, eggs, vegetable oil, honey, potatoes, vegetables, fruit and other agricultural produce and at increasing their sales in cities and industrial centers. This year more than 2.7 billion rubles of such goods are to be sold.

The central task of workers in the trade sector in the third and pivotal year of the 11th Five-Year Plan is fulfillment of the retail commodity sales plan together with the additional assignment so as to overcome the lag that occurred in 1982 and to attain the target set by the 5-year plan on the basis of performance in the first 3 years. The main thing in performing this task is still to seek out additional commodity resources. This must be a systematic effort both at the level of union and republic and also at the level of republic authorities for management of the sector and must rely on measures carried out consistently to improve the study of the demand of the population.

The decree of the Presidium of the USSR Supreme Soviet on the State Plan of the USSR's Economic and Social Development in 1983 has assigned USSR industrial ministries and departments and councils of ministers of union republics specific targets for additional production of consumer goods. Within the grand total possibilities should be sought for exceeding the volume of their production envisaged in the state plan for 1983 by at least 3 billion rubles. That will require tapping unused potential of enterprises, supplies which have been saved and local sources of raw materials, as well as agricultural products purchased from private farming operations of individuals. In this connection the principal commodity administrations of the USSR Ministry of Trade and the wholesale organizations of the trade ministries of the union republics, proceeding on the basis of the 5-year general agreements concluded respectively with union and republic authorities for management of industry, should specify the product mix which needs to be produced for fuller satisfaction of the demand of the population.

The decisions of the May (1982) Plenum of the CPSU Central Committee, which adopted the USSR Food Program and defined measures to speed up further the development of the agroindustrial complex, demand that measures be performed in the distribution sphere to make optimum and economical use of food resources and to reduce their losses during shipment and storage and while they are in the store. Industry also needs to be called upon to substantially increase the production of foodstuffs in small factory packaging and optimization of the assortment of foodstuffs. Raw materials should also be used more optimally in the food service industry.



The change of demand and the slowing down of the sales of a number of goods are making it necessary to improve both the assortment of goods delivered by industry as well as the organization of their sale to the public. A number of commodities that were previously very scarce have now become available, and for that reason organization of the trade in such commodities now requires an entirely different approach. There is a need to expand the network of stores specialized in selling jewelry, carpet, salon-stores for outerwear, stores for the sale of especially fashionable goods, supplied by industry at negotiated prices.

Better use should be made of resources and they should be shifted about responsively in order to perform the strenuous planning target for retail commodity sales. That in turn requires a substantial improvement of their location both with respect to region and also within the units of the network along which the commodity makes its way. Within the overall stocks of the trade sector there needs to be a substantial increase in the share of commodity stocks located in the warehouses of wholesale trade and the bulk of emergency and seasonal stocks should be concentrated at that level; ultimately this will make it possible to get along with smaller inventories, to speed up turnover and to enhance mobility. At present only slightly more than 20 percent of all the stocks of the trade sector are concentrated in wholesale organizations, and the figure is 16 percent for such goods as clothing, underwear, knitwear and footwear.

The assignment to bring goods from above-allowance stocks into circulation in the amount of 495 million rubles is an integral part of the commodity side of the retail commodity sales plan for 1983. Organizations in the trade sector, depending on local conditions, should take the appropriate organizational measures to reduce above-allowance inventories. The formation of above-allowance inventories is not uncommonly the result of the fact that trade organizations are still not having enough influence on the shaping of the plans for production of consumer goods, nor are they being sufficiently insistent that the planning of their output be made strictly dependent on the trade sector, and on consumption, and they are reconciling themselves to the low quality of goods.

The program for the sector's development in 1983 and for the 11th Five-Year Plan as a whole is the decree of the CPSU Central Committee and USSR Council of Ministers dated 14 January 1982 and entitled "On Measures To Further Develop Trade and Improve Services of the Trade Sector to the Public in the 11th Five-Year Plan." The measures defined in it require that an organizational effort be staged at all levels of administration of the sector to guarantee fulfillment of the targets assigned in that decree and by Order No 22 of the USSR Ministry of Trade dated 22 February 1982.

An important condition for backing up plans is to develop the sector's physical plant and equipment. In the current year the sales area of stores in state retail trade is to be increased by 658,800 square meters, the seating capacity of the network of food service enterprises open to the public at large is to be increased by 82,200, in the network of dining rooms in general public schools 226,200, and in vocational and technical schools by 34,200. In

addition, USSR ministries and departments and councils of ministers of union republics have targets in 1983 for augmenting the network of food service enterprises in production enterprises, and councils of ministers of union republics have a target for increasing the network of dining rooms in higher and secondary specialized educational institutions.

A large effort lies ahead in further development of the network of self-service department stores (Universam), whose area is to be increased to 402,000 square meters, as well as the "Detskiy Mir" [Child World], "Tovary dlya Detey" [Goods for Children], "Malysh" [Little Child] and other specialized trade enterprises selling goods for children, commission stores selling nonfood commodities, and so on. The organization of cost-accounting (khozraschet) container depots in cities will continue, there will be an increase in the number of stations for accepting glass containers from individuals in which the operations of receiving and sorting the bottles and also the loading and unloading operations will be mechanized.

Development of the retail trade network should conform to the new Nomenclature of Store Types approved by the USSR Ministry of Trade jointly with Gosgrazhdanstroy [State Committee for Public Works Construction and Architecture] and the Instructions on Methods of Compiling Multiannual Plans for Development and Location of the Network of Trade and Food Service Enterprises whereby the master plans of cities are elaborated.

In 1982 1,158 million rubles will be spent to develop the trade sector's physical plant and equipment. Such major trade enterprises will be put into operation as department stores in Kokchetav and Namangan with areas of 4,800 and 3,500 square meters, respectively, and a shopping palace in Kiev with a floor space of 15,400 square meters. In Moscow a warehouse for grocers has been opened with an area of 20,000 square meters, grocery warehouses have also been built in Leningrad and Gomel, a refrigerated distribution facility has been put into service with an area of 10,200 tons in Arkhangelsk, an industrial goods warehouse has been opened in Kirovakan, a furniture depot in Krivoy Rog, and a central market in Ashkhabad.

The total volume of capital investments to develop the sector's physical plant and equipment has been projected at 1,176 million rubles for the current year. With the recesses allocated for state trade plans call for introducing refrigerated facilities with a one-time storage capacity of 68,000 tons, general commodity warehouses with an area of 213,000 square meters, and a number of large retail trade and food service enterprises. As in the past, construction of retail trade and food service enterprises will be financed mainly from the 5-percent deductions from capital investments allocated for housing construction. In addition, credits from USSR Stroybank and USSR Gosbank need to be called upon more widely to build trade facilities.

The high targets for development of the trade and warehouse network require a substantial improvement of capital construction and greater efficiency in using the resources allocated. But last year allocations for the sector "trade" were not entirely used (93 percent of the limit), nor were the resources allocated for construction of trade enterprises by ministries and

departments of other sectors of the economy (76 percent). Even the 5-percent deductions are not being adequately assimilated (66 percent).

Modernization of the trade and warehouse network must be carried out within the framework of overall optimization of retail and wholesale trade and the food service industry, as envisaged by the decree of the CPSU Central Committee and USSR Council of Ministers on measures to further develop the trade sector. Local authorities for management of the trade sector of oblasts, krays, autonomous republics, and union republics not divided into oblasts should undertake everywhere to carry out regional intersector programs for comprehensive optimalization of the trade sector.

Programs for comprehensive optimalization of the trade sector need to be furnished earmarked financing and supplies and equipment on a preferential basis. Taking into account that the present trade and warehouse network is the principal focus of comprehensive optimalization, this year about 40 percent of the resources allocated for the sector "trade," or almost 160 million rubles, is to be committed to its reconstruction and retooling.

The resources from the social welfare and consumer service funds of the sectors of industry, transportation and construction should also be enlisted for the purposes of comprehensive optimalization of the trade sector.

Consistent performance of the measures envisaged for 1983 to introduce progressive technology for the supply of commodities using display containers should be a matter for particular concern of local agencies for administration of the trade sector.

The wholesale trade system has an important role in improving the supply of goods to retail trade in the assortment needed by the public. In recent years wholesale organizations and enterprises of the trade ministries of the union republics have improved their interaction with industry in increasing the output, expanding the assortment and raising the quality of consumer goods and in supplying them to retail trade enterprises. At the same time the present level of development of wholesale trade does not fully correspond to the requirements it is expected to meet, and there are quite a few major shortcomings in its operation. With a view to further improvement of wholesale trade the USSR Ministry of Trade has recently issued an order entitled "On Measures To Further Perfect the Commercial Operations of Wholesale Organizations and Enterprises and To Enhance Their Role in the Work With Industry." This order makes the trade ministries of union republics considerably more exacting toward wholesale organizations and enterprises with respect to improvement of their commercial work, with respect to exerting stronger pressure on industry in order to increase the production, expand the assortment and raise the quality of consumer goods. Wholesale organizations are given greater responsibility for ensuring regularity of supply to retail trade organizations and enterprises of goods necessary in accordance with orders so as to satisfy the demand of the public more fully.

Every wholesale organization has been set a most important task of ensuring performance of contracts for delivery of goods in the volume and assortment

specified and by the agreed date and of seeking out additional resources, especially necessities and staples. In order to stimulate this activity, as of 1 July 1982 all wholesale depots have been switched to the new procedure for forming economic incentive and bonus funds.

The plan for 1983 envisages further development and improvement of the food service industry. The annual output of products produced by food service industries themselves is about 18 billion rubles.

In his speech at the November (1982) Plenum of the CPSU Central Committee Yu. V. Andropov, general secretary of the CPSU Central Committee, emphasized that "strenuous targets should be met with comparatively small increase in material costs and labor resources."

In the trade sector in 1983 the entire growth of retail commodity sales is to be achieved entirely by raising labor productivity. This will require optimum use of labor resources, improvement of the organization of work and remuneration, introduction of progressive technology and equipment to mechanize heavy and laborious work, and reduced use of manual labor. Plans for scientific management need to be carried out in good time and completely, the coverage of workers by work quotas and the work team as a form of organization of work and remuneration needs to be increased, broader use needs to be made of the combining of professions (positions) and expansion of service zones, and effective measures need to be taken to improve the use of work time at enterprises and to strengthen work discipline and production discipline.

During the current year trade organizations will receive 395 million rubles of various equipment and spare parts peculiar to the trade process. It is important to see not only that it is promptly installed, but also that it is operated under efficient and correct conditions. When the equipment is distributed among establishments, it is important that it not be scattered, since only if the equipment is put to full use can it yield the greatest return on the resources invested. Additional measures should be taken to reduce the amount of uninstalled and inoperative equipment.

The most progressive and economical designs, based on the best layouts, architecture and building systems, need to be applied in order to increase the efficiency of capital investments. Wherever possible large trade enterprises furnished with highly productive equipment and machinery should be built at a faster pace; this should guarantee more efficient operation and a high level of customer service. There is also a need for further development and improvement of the sale of goods by the self-service method, on the basis of samples and subsequent home delivery and installation of large-size goods at the customer's home, and the network of catalogue stores and desks also needs to be increased.

One of the most important requirements for carrying on economic activity is to observe a strict economy regime, which should be enforced in both large things and small things. That is why at every trade enterprise and in every organization a thorough analysis needs to be made of the results of economic and financial activity and the causes of losses and inefficient expenditure of

resources discovered. Measures need to be drafted to tighten the economy regime and to reduce the costs of distribution and production, to increase the profitability of trade and the food service industry, to reduce the number of enterprises operating at a loss, to eradicate cases of spoilage of goods and containers, losses from mismanagement, shortages, embezzlement and theft of material goods. Differentiated targets for conservation of raw materials and supplies should be assigned to every enterprise so as to guarantee for 1983 conservation of furnace oil and thermal energy in the amount of about 3 percent, electric power about 2 percent, and gasoline and diesel fuel at least 8 percent of the 1981 level.

Performing the large tasks which have been set the trade sector in 1983 should become the concern of every collective and every worker in the sector. In every collective there is a need to constantly develop and improve socialist competition and to strengthen its impact in the direction of achieving high final results of operation and performance and overperformance of the assignments set for 1983 and for the 5-year period as a whole.

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